MEMORANDUM

DATE: July 12, 2010

TO: Housing Element Committee (HEC)

FROM: Lilly Schinsing, Associate Planner

SUBJECT: Communication

Attached are the following documents for the HEC's review:

a. 2010 State Income Limits Table, HCD
b. July 2, 2010 email to Chair Pfeifer regarding the RHNA (including attachments)
c. July 2, 2010 email to Chair Pfeifer regarding the prior Housing Element Advisory Committee minutes (including attachments)

I:\CDD\Boards & Committees\HEC\Memos\Correspondence 7-12-10.doc

County	Income Category	Number of Persons in Household 1	2	3	4	5	6	7	8
Los Angeles County	Extremely Low	17,400	19,900	22,400	**24,850**	26,850	28,850	30,850	32,850
Area Median Income:	Very Low Income	29,000	33,150	37,300	**41,400**	44,750	48,050	51,350	54,650
63,000	Lower Income	46,400	53,000	59,650	**66,250**	71,550	76,850	82,150	87,450
	Median Income	44,100	50,400	56,700	**63,000**	68,050	73,100	78,100	83,150
	Moderate Income	52,900	60,500	68,050	**75,600**	81,650	87,700	93,750	99,800
Madera County	Extremely Low	11,850	13,550	15,250	**16,900**	18,300	19,650	21,000	22,350
Area Median Income:	Very Low Income	19,750	22,550	25,350	**28,150**	30,450	32,700	34,950	37,200
56,300	Lower Income	31,550	36,050	40,550	**45,050**	48,700	52,300	55,900	59,500
	Median Income	39,400	45,050	50,650	**56,300**	60,800	65,300	69,800	74,300
	Moderate Income	47,300	54,050	60,800	**67,550**	72,950	78,350	83,750	89,150
Marin County	Extremely Low	22,600	25,800	29,050	**32,250**	34,850	37,450	40,000	42,600
Area Median Income:	Very Low Income	37,650	43,000	48,400	**53,750**	58,050	62,350	66,650	70,950
99,400	Lower Income	60,200	68,800	77,400	**86,000**	92,900	99,800	106,650	113,550
	Median Income	69,600	79,500	89,450	**99,400**	107,350	115,300	123,250	131,200
	Moderate Income	83,500	95,450	107,350	**119,300**	128,850	138,400	147,950	157,500
Mariposa County	Extremely Low	12,050	13,750	15,450	**17,150**	18,550	19,900	21,300	22,650
Area Median Income:	Very Low Income	20,000	22,850	25,700	**28,550**	30,850	33,150	35,450	37,700
57,100	Lower Income	32,000	36,600	41,150	**45,700**	49,400	53,050	56,700	60,350
	Median Income	39,950	45,700	51,400	**57,100**	61,650	66,250	70,800	75,350
	Moderate Income	47,950	54,800	61,650	**68,500**	74,000	79,450	84,950	90,400
Mendocino County	Extremely Low	11,900	13,600	15,300	**16,950**	18,350	19,700	21,050	22,400
Area Median Income:	Very Low Income	19,800	22,600	25,450	**28,250**	30,550	32,800	35,050	37,300
56,300	Lower Income	31,650	36,200	40,700	**45,200**	48,850	52,450	56,050	59,700
	Median Income	39,400	45,050	50,650	**56,300**	60,800	65,300	69,800	74,300
	Moderate Income	47,300	54,050	60,800	**67,550**	72,950	78,350	83,750	89,150
Merced County	Extremely Low	11,850	13,550	15,250	**16,900**	18,300	19,650	21,000	22,350
Area Median Income:	Very Low Income	19,750	22,550	25,350	**28,150**	30,450	32,700	34,950	37,200
56,300	Lower Income	31,550	36,050	40,550	**45,050**	48,700	52,300	55,900	59,500
	Median Income	39,400	45,050	50,650	**56,300**	60,800	65,300	69,800	74,300
	Moderate Income	47,300	54,050	60,800	**67,550**	72,950	78,350	83,750	89,150
Modoc County	Extremely Low	11,850	13,550	15,250	**16,900**	18,300	19,650	21,000	22,350
Area Median Income:	Very Low Income	19,750	22,550	25,350	**28,150**	30,450	32,700	34,950	37,200
56,300	Lower Income	31,550	36,050	40,550	**45,050**	48,700	52,300	55,900	59,500
	Median Income	39,400	45,050	50,650	**56,300**	60,800	65,300	69,800	74,300
	Moderate Income	47,300	54,050	60,800	**67,550**	72,950	78,350	83,750	89,150
Mono County	Extremely Low	14,250	16,300	18,350	**20,350**	22,000	23,650	25,250	26,900
Area Median Income:	Very Low Income	23,750	27,150	30,550	**33,900**	36,650	39,350	42,050	44,750
67,600	Lower Income	38,000	43,400	48,850	**54,250**	58,600	62,950	67,300	71,650
	Median Income	47,300	54,100	60,850	**67,600**	73,000	78,400	83,800	89,250
	Moderate Income	56,750	64,900	73,000	**81,100**	87,600	94,100	100,550	107,050
Monterey County	Extremely Low	13,900	15,900	17,900	**19,850**	21,450	23,050	24,650	26,250
Area Median Income:	Very Low Income	23,150	26,450	29,750	**33,050**	35,700	38,350	41,000	43,650
66,100	Lower Income	37,050	42,350	47,650	**52,900**	57,150	61,400	65,600	69,850
	Median Income	46,250	52,900	59,500	**66,100**	71,400	76,700	81,950	87,250
	Moderate Income	55,500	63,450	71,350	**79,300**	85,650	92,000	98,350	104,700

From: "Official State Income Limits for 2010." June 17, 2010. California Dept of Housing and Community Development
www.hcd.ca.gov/hcd/hrc/rep/state/inc2k10.pdf

Note: See instructions/example on last page to determine income limit for households larger than 8 persons.

ITEM NO. 8a PAGE 2

From: Lilly Schinsing
Sent: Friday, July 02, 2010 3:27 PM
To: Linda Pfeifer - Internet Mail Account; 'Linda.J.Pfeifer@uscg.mil'; Linda Pfeifer
Cc: Jeremy Graves
Subject: FW: prior HEC minutes
Attachments: 2002.10.07 minutes.doc; 2002.09.30 minutes.doc; 2003.02.05 minutes.doc; 2003-12-02 minutes.doc; 2002.10.14 minutes.doc

Linda,

You requested the minutes from the prior HEC's meetings (it was called the "Housing Element Advisory Committee" at the time). I've attached them to this message-- I don't know who prepared them, if they were formally approved or vetted through the HEC.

Thanks,

Lilly Schinsing
Associate Planner
Planning Division | Community Development Department
City of Sausalito | 420 Litho St. Sausalito CA 94965
phone: 415.289.4134 | fax: 415.339.2256
lschinsing@ci.sausalito.ca.us

HOUSING ELEMENT ADVISORY COMMITTEE
Minutes of the October 7, 2002 meeting

Members present
Paul Albritton, Councilmember
Bill Keller, Councilmember
Janelle Kellman, Planning Commissioner
Doris Berdahl
Michael Thieme
Fritz Warren

Members absent
John Pettitt, Planning Commissioner
Peg Copple
Patty Schinzing

Meeting was called to order at 6:30 p.m.

The Committee reviewed the remaining programs from the Best Practices section of the *Marin Housing Workbook* and concluded that the following policies should receive further consideration.

- Do not rezone or down-zone multi-family sites to lower densities or non-residential uses
- When doing general plan amendments or rezones, try to identify new sites
- Be flexible on development standards for affordable projects (height, FAR, density, etc.)
- Establish minimum density requirements for the R-3 district
- Consider using surplus public property for affordable housing
- Allow reduced standards (density bonus, parking reduction, higher height limit, etc.) for transit-oriented development
- Consider establishing zoning which would allow live/work projects
- Reduce or waive fees for affordable projects (on a sliding scale related to the levels of affordability)
- Establish resale controls and rent and income restrictions to ensure that housing provided through incentives remains affordable over time
- Identify specific sites as targets for an affordable housing overlay
- Establish standards for the provision of residential care facilities for special needs persons
- Coordinate with churches and non-profits to try to establish an inclement weather shelter program
- Establish flexible development standards for housing for persons with disabilities

Programs from the *Marin Housing Workbook* which the Committee concluded should not get further consideration were:

- Redevelopment of shopping centers
- Fast track for affordable projects
- Inclusionary housing
- Establish zoning for emergency shelters and transitional housing facilities
- Allow residential care facilities in residential zones
- Prepare a master environmental assessment
- Allow transfer of development rights

The meeting adjourned at 8:30 p.m.

HOUSING ELEMENT ADVISORY COMMITTEE
Minutes of the September 30, 2002 meeting

Members present
Paul Albritton, Councilmember
Bill Keller, Councilmember
Janelle Kellman, Planning Commissioner
John Pettitt, Planning Commissioner
Doris Berdahl
Peg Copple
Patty Schinzing
Michael Thieme
Fritz Warren

Members absent
None

Meeting was called to order at 6:45 p.m. followed by the members of the Committee introducing themselves. After the introductions, there was a discussion of State requirements regarding housing elements, the process of housing element adoption and the Committee's role in the process. The Committee then reviewed and discussed Outcomes 1.1 through 3.2 of the *Marin Housing Workbook*. Based on that discussion, a draft of similar strategies for the draft Sausalito Housing Element was prepared and is attached to these minutes (to be provided at meeting)

The meeting adjourned at 9:00 p.m.

HOUSING ELEMENT ADVISORY COMMITTEE
Minutes of the February 5, 2003 meeting

Members present
Paul Albritton, Councilmember
Bill Keller, Councilmember
John Pettitt, Planning Commissioner

Staff present
Larissa King
Reba Wright-Quastler

Doris Berdahl
Patty Schinzing
Michael Thieme
Fritz Warren

Members absent
Janelle Kellman, Planning Commissioner
Peg Copple

Meeting was called to order at 6:15p.m.

The committee reviewed the draft Housing Element, asking clarifying questions about various parts of the draft and discussing some of the proposed policies. There was discussion of whether the Element should encourage accessory apartments in the R-2 zones and it was decided that it would be wise to limit the effort to the R-1 zones for the time being and then to consider expanding it after the success of allowing them in the R-1 can be evaluated. There was also discussion of the impact of parking requirements on the ability of property owners to actually put two units on R-2 lots and it was decided to add a program requiring consideration of a reduction of parking for small units in the R-2 zones if as a result of the review of the new accessory apartment ordinance for the R-1 zones it is determined that a reduced parking requirement for accessory apartments is appropriate.

The committee directed staff to review the data in the analysis section of the document to see if more current data is now available and to have the document read by an "uninformed, intelligent reader" for clarity and appropriate use of jargon.

With the changes agreed to during the meeting, the committee voted unanimously to forward the document to the Planning Commission for review and release for HCD review.

The meeting adjourned at 7:45 p.m.

HOUSING ELEMENT ADVISORY COMMITTEE
Minutes of the December 2, 2003 meeting

Members present
Bill Keller, Councilmember
Paul Albritton, Councilmember
Janelle Kellman, Planning Commissioner
Doris Berdahl
Peg Copple
Fritz Warren

Staff present
Larissa King Rawlins
Reba Wright-Quastler

Members absent
Jonathon Leone, Planning Commissioner
Patty Schinzing
Michael Thieme

Meeting was called to order at 6:45p.m.

- The Committee discussed the comment letters submitted by the State Department of Housing and Community Development regarding the draft Housing Element.
- The Committee discussed the modifications that have been made to address the comments and stated that they were in keeping with the general intent of the Housing Element as they had last reviewed it on February 5, 2003 and that the recommended policies and programs were appropriate for the City of Sausalito.
- Councilmember Paul Albritton asked that staff prepare a on page matrix for the elements of the 5-year action plan so that the recommending timing of adoption/discussion of new policies can be adhered to.

The committee voted (motion made by Bill Keller, seconded by Fritz Warren) unanimously to forward the document to the Planning Commission and then to the City Council for adoption and certification by the State Department of Housing and Community Development.

The meeting adjourned at 7:45 p.m.

HOUSING ELEMENT ADVISORY COMMITTEE
Minutes of the October 14, 2002 meeting

Members present
Bill Keller, Councilmember
Doris Berdahl
Peg Copple
Patty Schinzing
Fritz Warren

Staff present
Larissa King
Reba Wright-Quastler

Members absent
Paul Albritton, Councilmember
Janelle Kellman, Planning Commissioner
John Pettitt, Planning Commissioner
Michael Thieme

Meeting was called to order at 6:45p.m.

- The Committee discussed Single room occupancy hotels (SRO's) and concluded that there really were no appropriate locations for them in Sausalito. They recommend that a clear definition be included in the Housing Element and that they not be permitted. Their similarity to roommate and roomer situations was also discussed and it was decided to remain silent on that subject.
- It was decided that in a town like Sausalito, with little vacant land or areas needing redevelopment, second-units can be an important source of less expensive housing. The Committee recommends adopting an ordinance that would allow new second-units under the same standards as are proposed in the new zoning ordinance for the legalization of existing illegal units.
- The Committee reviewed the Benicia work/live ordinance and concluded that a similar ordinance to allow work/live units in the "ICB" building would be a good way to preserve Sausalito's art heritage and provide affordable housing for working artists.
- Based on an article in the October 10 *Independent Journal*, the Committee recommends a policy that Sausalito will cooperate with the County-wide effort to develop a commercial linkage ordinance and consider its adoption if there is a county-wide move to do so, keeping in mind Sausalito's limited space for new commercial development and desire to broaden its economic base.
- The Committee looked at two vacant sites which are owned, or partly owned, by the City and recommended that an affordable housing overlay be placed on them that would provide for additional density, on a sliding scale, if they are developed with affordable units.
- Finally, the Committee discussed the conversion of rental units to condominiums and concluded that the conversion of two-unit properties which are already commonly owned (joint tenants, partnership, etc.) should be allowed to convert without consideration of vacancy rates because they would not materially change the rental situation in the community.

Since there were no other potential programs that the Committee wished to discuss, it was decided not to meet on October 21. Staff will complete the draft of the housing element, including the programs recommended by the Committee, and schedule a meeting for the Committee to consider the draft once it is complete.

The meeting adjourned at 8:00 p.m.

From: Lilly Schinsing
Sent: Friday, July 02, 2010 2:44 PM
To: Linda Pfeifer - Internet Mail Account; 'Linda.J.Pfeifer@uscg.mil'; Linda Pfeifer
Cc: Jeremy Graves
Subject: FW: RHNA followup questions
Attachments: 12-07-07_Draft_RHNA_Allocations_-_Response_Letters_Received_-_July-September_2007.PDF; RHNA_Allocations_and_Technical_Document.pdf

Hi Linda,

(1) There was no change in the official initial release of RHNA from 2007 to adoption (see the attached document from 2007 regarding the draft RHNA). That said, see ABAG's archive website on the methodology of the 2007-2014 planning period and RHNA allocation (http://www.abag.ca.gov/planning/housingneeds/newsarchive.html).You can see from the earlier (2006) documents, as the Housing Methodologies Committee was deciding upon which combination of methods to use to allocate the numbers, Sausalito had been allocated higher numbers early on-- but the official "initial" RHNA is the same as the final RHNA.

(2) The City wrote a letter to ABAG on Sept. 21, 2007 regarding a reduction of the RHNA (see attached pdf, Sausalito's letter is the second to the last). I did not find any other correspondence from Sausalito. Here's a link to ABAG's website on the 2007-2014 planning period and RHNA allocation: http://www.abag.ca.gov/planning/housingneeds. All documents submitted to ABAG regarding the allocations are on this site.

Please let me know if you have any other questions,

Lilly Schinsing
Associate Planner
Planning Division | Community Development Department City of Sausalito | 420 Litho St. Sausalito CA 94965
phone: 415.289.4134 | fax: 415.339.2256
lschinsing@ci.sausalito.ca.us

-----Original Message-----
From: LJ pfeifer [mailto:pfeiferlj@hotmail.com]
Sent: Friday, July 02, 2010 1:26 PM
To: Lilly Schinsing
Cc: Linda.J.Pfeifer@uscg.mil ; Linda Pfeifer; Jeremy Graves
Subject: Re: RHNA followup questions

Hi Lilly - one more question; did the RHNA numbers change at all, between their initial release and the finalized number?
Linda
Sent from my Verizon Wireless BlackBerry

-----Original Message-----
From: pfeiferlj@hotmail.com
Date: Fri, 2 Jul 2010 20:22:21
To: Lilly Schinsing<LSchinsing@ci.sausalito.ca.us>
Reply-To: pfeiferlj@hotmail.com
Cc: <Linda.J.Pfeifer@uscg.mil>; <lindap@ci.sausalito.ca.us>; <JGraves@ci.sausalito.ca.us>
Subject: Re: RHNA followup questions

Hi Lilly
Did the city council ever request a number reduction, and if so, may I see the letter or related documentation.
Linda
Sent from my Verizon Wireless BlackBerry

-----Original Message-----
From: Lilly Schinsing <LSchinsing@ci.sausalito.ca.us>
Date: Fri, 2 Jul 2010 20:20:07
To: <pfeiferlj@hotmail.com>
Cc: <Linda.J.Pfeifer@uscg.mil>; <lindap@ci.sausalito.ca.us>; <JGraves@ci.sausalito.ca.us>
Subject: FW: RHNA followup questions

Hi Linda,

I understand that you are requesting information on (1) when the RHNA for the 2007-2014 was released (2) the date to submit comments/appeals to ABAG regarding the RHNA and (3) what the RHNA was.

(1) Draft allocations for the 07-14 period were released in July 2007.

(2) The release of the draft allocation began the 60 day public comment period. Jurisdictions had until September 18, 2007 to request revisions to their allocations. ABAG then had 60-days to respond to requests for revisions. After any revisions, local governments had an additional 60 days to appeal the Revised RHNA numbers. In early 2008, ABAG held a public hearing on appeals. Final proposed RHNA allocations were made June 30, 2008, to then be approved by HCD, which occurred in August 2008. No appeals are allowed after the final numbers are released.

(3) The RHNA by income levels (percentages are a percentage of the county median, which in 2009 was $96,800) for the 07-14 period is as shown in this table:

Very Low
<50% Lower
<80%
Moderate
<120%
Above Moderate
121% + TOTAL:
2007-2014 45 30 34 56 165

Please let me know if you have any questions, Lilly Schinsing Associate Planner Planning Division | Community Development Department City of Sausalito | 420 Litho St. Sausalito CA 94965
phone: 415.289.4134 | fax: 415.339.2256 lschinsing@ci.sausalito.ca.us

-----Original Message-----
From: Lilly Schinsing
Sent: Tuesday, January 12, 2010 8:31 PM
To: Linda Pfeifer

Cc: Jeremy Graves
Subject: RHNA followup questions
Hi Linda,
Here is some of the information you requested regarding the RHNA, below. Note that the two cycles have different processes.
07-14 Period Process
Draft allocations for the 07-14 period were released in July 2007. This began the 60 day public comment period. Jurisdictions had until September 18, 2007 to request revisions to their allocations. ABAG then had 60-days to respond to requests for revisions. After any revisions, local governments had an additional 60 days to appeal the Revised RHNA numbers. In early 2008, ABAG held a public hearing on appeals. Final proposed RHNA allocations were made June 30 2008, to then be approved by HCD, which occurred in August. No appeals are allowed after the final numbers are released.
99-06 Period Process
For the 99-06 period the 90-day Housing Need Allotment Review & Revisions period ended on August 31, 2000. Jurisdictions had the opportunity to comment and/or propose revisions to their RHND allocation during this period. ABAG staff then began a 60-day comments and proposed revisions period. Staff responses to each letter were sent by October 30, 2000. On November 16, 2000, the Executive Board approved the final RHND allocations at their board meeting 24-1. The allocations were then sent to HCD for their approval. No appeals are allowed after the final numbers are released.
Sausalito's Involvement in RHNA
Christy with ABAG wrote that "it appears that Sausalito did write a request for revision letter, stating that essentially the RHNA allocation was too high for a land constrained community. Their request for a revision was not granted. The city did not appeal." She is still working on getting a copy of the actual letter.
I hope you are well,
Lilly Schinsing
Associate Planner
Planning Division | Community Development Department City of Sausalito | 420 Litho St. Sausalito CA 94965
phone: 415.289.4134 | fax: 415.339.2256 lschinsing@ci.sausalito.ca.us

CITY OF SAUSALITO

420 Litho Street Sausalito, CA 94965
Telephone: (415) 289-4100
www.ci.sausalito.ca.us

September 21, 2007

Paul Fassinger
Research Director
Association of Bay Area Governments
P.O. Box 2050
Oakland, CA 94604

Re: Draft Regional Housing Needs Allocation

Dear Mr. Fassinger:

The City of Sausalito would like to thank the Association of Bay Area Governments staff for their hard work on the RHNA process, and their engagement with local government through the Housing Methodologies Committee (HMC). I believe the collaborative process that was used with HMC demonstrates ABAG's commitment to ongoing improvements in the RHNA process.

However, the City of Sausalito must inform ABAG that the draft RHNA number for the City of Sausalito, 165 total housing units, remains an unrealistically high number for our very land-constrained community.

Thank you for your consideration.

Sincerely,

Kevin Bryant, AICP
Deputy Planning Director

FAX NUMBERS:

Administration: (415) 289-4167
Recreation: (415) 289-4189
Community Development: (415) 339-2256
Library: (415) 331-7943
Public Works: (415) 289-4138

August 9, 2007

San Francisco Bay Area
Mayors, City Managers,
County Executives/Administrators &
Board of Supervisor Chairs

Re: Revised Technical Documentation for Regional Housing Needs Allocation Method

On July 24, 2007, the Regional Housing Needs Allocation was released to jurisdictions for review and comment. Since then, it has come to our attention that the supporting Technical Document, sent out along with the numerical allocations, did not accurately reflect the allocation portion of the method. The final allocation methodology, including the income allocation method, was adopted by ABAG's Executive Board on January 18, 2007.

The attached Technical Documentation has been revised to accurately reflect the final allocation method. Please note, the released regional housing need allocations to your jurisdiction remains the same. Only the Technical Document describing the final allocation was in error, for it had an earlier draft allocation described. The numbers released in July have all been accurately calculated, using the final adopted method, as described below.

Allocation Method

The RHNA methodology assigns each jurisdiction in the Bay Area its share of the region's total housing need. The methodology includes an allocation tool that is a mathematical equation that consists of weighted factors. There are also "rules" regarding allocation of units by income, how to handle units in spheres of influence, voluntary transfers of units, and subregions. The methodology encompasses these distinct components of the methodology. (See Attachment 1 for complete description).

The factors and weights (expressed in parenthesis) are:

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

Household growth, existing employment, and employment growth are estimated in ABAG's regional household and employment forecasts, *Projections*.

Income Allocation Method

HCD's determination of housing need is given to the region by income category. The income categories are very low, low, moderate and above moderate. The percent of total units in each income category is based on the regional average distribution of households across the various income categories.

The regional allocation of housing units is allocated to jurisdictions using the method adopted by ABAG's Board at their January 18, 2007 meeting. The income allocation portion of the method requires that each local jurisdiction plan for income-based housing relative to the regional average. The income allocation method gives each jurisdiction 175 percent of the difference between their 2000 household income distribution and the 2000 regional household income distribution.

The effect of this allocation method is that the income distribution in each jurisdiction moves closer toward the regional distribution, as both a jurisdiction's existing conditions and future development is taken into account. By addressing existing concentrations of low-income households, this allocation more aggressively promote an equitable regional income distribution.

Please accept our apologies for the error in the Technical Documentation. You may contact me or Paul Fassinger at 510-464-7928 with any questions regarding your jurisdiction's draft RHNA allocation.

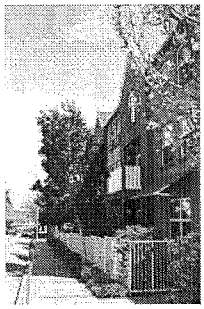
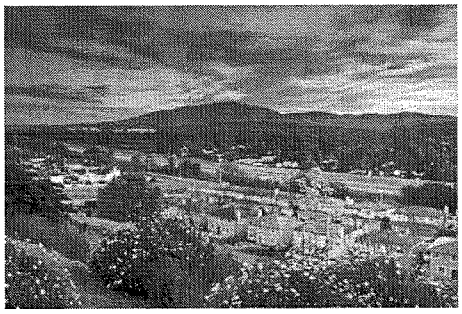
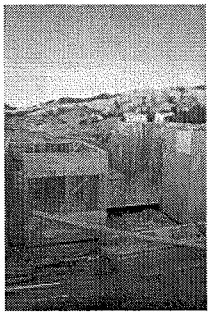
Respectfully,

Henry L. Gardner
Executive Director

Attachment 1

Planning Housing in the San Francisco Bay Area

Regional Housing Needs Allocation Methodology, 4th Revision

Technical Documentation

November 2006

Revised August 3, 2007

ABAG

Introduction

The Regional Housing Needs Allocation (RHNA) process is a state mandate on planning for housing in California. The state, regional and local governments each have a role to play. Local governments have autonomy in planning for exactly how and where housing will be developed in their individual communities. The amount of housing cities and counties must plan for, however, is determined by state housing policy.

Periodically, the State of California requires that all jurisdictions in the state update the Housing Element of their General Plans. Within these Housing Elements, the state mandates that local governments plan for their share of the region's housing need, for people of all income categories. In the case of the San Francisco Bay Area, ABAG, as the region's Council of Governments, and the State Housing and Community Development Department (HCD), determines the region's need for housing. This determination of need is primarily based on estimated population growth. ABAG then allocates that need, for all income groups, amongst jurisdictions. The jurisdictions then plan for that need in their local housing elements, which are eventually state-certified by HCD.

This technical document details the process for developing the draft Regional Housing Needs Allocation, describes the Regional Housing Needs Allocation methodology and rationale for each component, and offers information on ABAG's *Projections*.

I. RHNA Schedule
II. RHNA State Goals & Regional Policy
III. Statutory Factors & Survey of Factors
IV. The Housing Methodology Committee
V. Final Allocation Methodology
VI. Regional Projections

I. RHNA Schedule

On September 29, 2006, ABAG received approval of a two-year extension for completing the RHNA process from the Department of Housing and Community Development (HCD). The following milestones are consistent with that two-year extension:

- **November 16, 2006:** Adoption of draft allocation methodology by ABAG Executive Board; start of a 60-day public comment period
- **January 18, 2007**: ABAG Executive Board adopts final methodology
- **March 1, 2007**: Determination of regional housing need
- **July 31, 2007:** Release of draft allocations
- **June 30, 2008**: Release of final allocations
- **June 30, 2009**: Housing element revisions due to HCD

II. RHNA State Goals & Regional Policy

There are four statutory objectives of RHNA. As shown below, these objectives include increasing housing supply, affordability, and housing types; encouraging efficient development and infill; promoting jobs-housing balance; and reducing concentrations of poverty.

These objectives are consistent with the Bay Area's regional policies regarding growth. Following the *Smart Growth Strategy/Regional Livability Footprint Project* that was completed in 2002, ABAG's Executive Board resolved to use these regional policies as the basis for *Projections*. Since that decision, *Projections* assumes that, over time, local land use policies will move the region closer toward regional policies.

The shift to policy-based *Projections* has important implications for growth and development in the region. *Projections* now forecasts more growth in existing urbanized areas and near transit, and less in agricultural areas. This is consistent with the RHNA objectives that call for an increase in the supply of housing, jobs-housing balance, more infill development, protection of the environment, and efficient development patterns. Since the *Projections* forecast is the basis for the RHNA allocations, these same regional policies will influence how housing units are distributed within the region.

RHNA Objectives	Regional Policies
(1) Increase the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low and very low income households. (2) Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns. (3) Promote an improved intraregional relationship	• Support existing communities • Create compact, healthy communities with a diversity of housing, jobs, activities, and services to meet the daily needs of residents • Increase housing affordability, supply and choices • Increase transportation efficiency and choices • Protect and steward natural habitat, open space, and agricultural land • Improve social and economic equity

between jobs and housing. (4) Allocate a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent decennial United States census.	• Promote economic and fiscal health • Conserve resources, promote sustainability, and improve environmental quality • Protect public health and safety

III. Statutory Factors & Survey of Factors

1. Statutory Factors

The RHNA statutes delineate specific factors that had to be considered for inclusion in the allocation methodology, including:

- Water and sewer capacity
- Land suitable for urban development or conversion to residential use
- Protected open space – lands protected by state and federal government
- County policies to protect prime agricultural land
- Distribution of household growth
- Market demand for housing
- City-centered growth policies
- Loss of affordable units contained in assisted housing
- High housing cost burdens
- Housing needs of farm workers
- Impact of universities and colleges on housing needs in a community

With the advice of the HMC, ABAG staff considered how to incorporate the statutory factors into the allocation methodology, how to allocate units by income, and how to address issues such as spheres of influence, the relationship to subregions, and voluntary transfers of housing units between jurisdictions. Their goal has been to develop an allocation methodology that is consistent with the RHNA objectives and statutory requirements while also reflecting local conditions and the regional goals for growth.

See **Section IV. 1. Weighted Factors** for a detailed description of how the factors are included in the recommended methodology.

2. Survey of Factors

On September 15, 2006, ABAG sent a memorandum and survey form to each planning director of every local jurisdiction in the region. The memorandum explained the use of factors in the RHNA allocation methodology, described the status of the HMC's deliberations, set forth the criteria for using a factor in the methodology, and solicited local input on the statutory factors and suggestions for additional factors. ABAG received responses from 42 local jurisdictions (A detailed summary of survey responses is available at http://www.abag.ca.gov/planning/housingneeds or by contacting ABAG staff.)

The Governor signed AB 2572 into law on September 29, 2006. The legislation adds a statutory factor: housing needs generated by the presence of a private university or a campus of the California State University or the University of California.

The HMC concluded that student populations need not be added as an explicit factor in the allocation methodology. The reason is that the existence of universities and resulting student populations are included in ABAG's household population estimates. (ABAG circulated an explanation of the effects of this factor and a survey form for this factor during the review period of the draft methodology.)

The 42 survey responses varied widely. Many commented on the HMC deliberations, supporting or opposing specific measures under consideration, and offering alternative methodological approaches. Others commented on the existing and near-term market conditions for housing in their jurisdictions.

The comments that focused on how specific factors should be explicitly considered in the methodology can be summarized as follows:

Summary Survey Responses

1. Jobs/Housing Relationship	
(a) use employed residents to measure jobs/housing balance	3
(b) take into account home based businesses/employment	1
(c) use commute shed to assess jobs/housing balance	2
2. Constraints due to Sewer/Water/Land Capacity	
(a) respondents identified specific sewer/water constraints	2
3. Public Transit/Transportation Infrastructure	
(a) respondents confirmed they were planning for TOD	5
4. Market Demand for Housing	0
5. City-Centered Development	
(a) described local city-centered policies	6
(b) described specific policies, agreements, etc., on development in spheres of influence (SOI)	7
(c) stated there were no written agreements on SOIs	1
6. Loss of Assisted Housing Units	
(a) identified at risk units at varying degrees of specificity	10
(b) do not use as a factor	1
7. High Housing Cost Burden	
(a) use CHAS data	1
8. Housing Needs of Farmworkers	
(a) identified local efforts for farmworker housing	4
9. Others	
(a) use congestion levels	1
(b) reward past performance in meeting RHNA goals	1
(c) RHNA allocation should at least equal planned growth	1

Several of the possible allocation factors proposed in the surveys were considered by the HMC, but not explicitly incorporated in the draft methodology. These factors include those related to:

- Jobs-housing balance: 1(a) – (c)
- Sewer/water constraints: 2
- City-centered development: 5(a) – (c)
- Loss of assisted housing units: 6
- High housing cost burdens: 7
- Housing needs of farm workers: 8
- Traffic congestion: 9(a)
- Rewards for past RHNA performance: 9(b)

The HMC included the following suggested RHNA factors as explicit components of the draft methodology but may not have used them in precisely the way suggested by the respondents:

- Public transit/transportation infrastructure: 3

The HMC did not consider 9(c).

In each instance where a respondent described specific localized data in support of its response to a survey question, e.g., 2, 6(a) and 8(a), the respondent did not identify sources for comparable data for other jurisdictions. Therefore, staff could not conclude that the proffered factor met the statutory requirement for comparability and availability. Consequently, the proposed factor was not used.

IV. Housing Methodology Committee

As the region's Council of Governments, ABAG is responsible for allocating the state-determined regional housing need to all jurisdictions in the Bay Area. The HMC was established in May 2006 to assist staff in developing a recommended methodology for allocating the regional need for adoption by the ABAG Executive Board. The HMC was comprised of local elected officials, city and county staff, and stakeholder representatives from each county in the region. It includes members from each county so that it adequately represents the entire region.

The members of the Housing Methodology Committee were:

Barbara Kondylis, Supervisor, District 1 (Solano), ABAG Executive Board
Scott Haggerty, Supervisor, District 1 (Alameda), ABAG Executive Board
Jerffery Levine, Housing Department, City of Oakland, Alameda
Jennifer Hosterman, Mayor, City of Pleasanton, Alameda
Dan Marks, Director of Planning & Development, City of Berkeley, Alameda
Julie Pierce, Council Member, City of Clayton, Contra Costa
Phillip Woods, Principal Planner, City of Concord, Contra Costa
Gwen Regalia, Council Member, City of Walnut Creek, Contra Costa
Linda Jackson, Principal Planner, City of San Rafael, Marin
Paul Kermoyan, Community Development Dir., City of Sausalito, Marin
Stacy Lauman, Assistant Planner, County of Marin, Marin
Jean Hasser, Senior Planner, City of Napa, Napa

ITEM NO. 8a PAGE 20

Diane Dillon, Supervisor, County of Napa, Napa
Howard Siegel, Community Partnership Mgr., County of Napa, Napa
Amit Ghosh, Assistant Planning Director, San Francisco, San Francisco
Doug Shoemaker, Mayor's Office of Housing, City of San Francisco, San Francisco
Amy Tharp, Director of Planning, City of San Francisco, San Francisco
Duane Bay, Housing Director, San Mateo County, San Mateo
Andrea Ouse, City Planner, Town of Colma, San Mateo
Mark Duino, Planner, San Mateo County, San Mateo
Laurel Prevetti Deputy Dir., Planning, Building and Code Enforcement, City of San Jose, Santa Clara
Regina Brisco, Housing Planner, City of Gilroy, Santa Clara
Steve Piasecki, Planning Director, City of Cupertino, Santa Clara
Matt Walsh, Principal Planner, Solano County, Solano
Chuck Dimmick, Councilmember (Vacaville) Solano City/County Coord. Council, Solano
Eve Somjen, Assistant Director, City of Fairfield, Solano
Mike Moore, Community Development Dir., City of Petaluma, Sonoma
Jake MacKenzie, Council Member, City of Rohnert Park, Sonoma
Jennifer Barrett, Deputy Director – Planning, County of Sonoma, Sonoma
Geeta Rao, Policy Director, Nonprofit Housing of Northern California, Stakeholder
Kate O'Hara, Regional Issues Organizer, Greenbelt Alliance, Stakeholder
Margaret Gordon, Community Liaison, West Oakland Indicators Project, Stakeholder
Andrew Michael, Vice President, Bay Area Council, Stakeholder
Paul B. Campos, VP, Govt. Affairs & Gen. Counsel, Home Builders Association, Stakeholder

V. The Regional Needs Allocation Methodology

The RHNA methodology assigns each jurisdiction in the Bay Area its share of the region's total housing need. The methodology includes an allocation tool that is a mathematical equation that consists of weighted factors. There are also "rules" regarding allocation of units by income, how to handle units in spheres of influence, voluntary transfers of units, and subregions. The methodology encompasses these distinct components of the methodology.

In their recommendation, the HMC members considered local land use plans and policies, regional growth policies and the state's housing polices, as expressed in the state mandated RHNA objectives.

1. Weighted Factors

Factors in the allocation methodology are the mathematical variables that partly determine how the regional housing need (RHN) is allocated to local jurisdictions. The factors reflect: 1) state mandated RHNA objectives; 2) RHNA statutory requirements; 3) local policy and 4) regional policy.

In the methodology, each factor is given priority relative to the others. Priority is established through "weighting" in the formula. For example, if one of the factors, e.g., household growth, is determined to be more important than another factor, e.g., transit, the methodology can give household growth a higher weight than transit in the formula. The methodology may also equally weight the factors, therefore ensuring that all the factors are of equal priority.

The factors and weights (expressed in parenthesis) are:

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

Household growth, existing employment, and employment growth are estimated in ABAG's regional household and employment forecasts, *Projections*.

A. Household Growth, 45 percent

Each local jurisdiction should plan for housing according to regionally projected household growth within its boundaries during the RHNA planning period (2007 – 2014). Household growth should be weighted 45 percent in the allocation.

The use of housing as a RHNA factor represents consistency with local, regional, and state policies regarding where housing growth will and should occur in the region. Where and how much housing growth will occur in the region is estimated by ABAG's forecasting model, as documented in *Projections*. Specifically, household growth is based on: 1) local land use policies and plans; 2) demographic and economic trends, such as migration, birth and death rates, housing prices, and travel costs; and 3) regional growth policies.

Household growth in ABAG's *Projections* is most influenced by local land use plans and policies, including planned and protected agricultural lands, open space and parks, city-centered growth policies, urban growth boundaries, and any physical or geological constraints.

Regional policies incorporated into *Projections* since 2002, are assumed to go into effect by 2010, and therefore have some effect on regional housing growth estimates in the 2007-2014 RHNA period. Regional policies assume that there will be increased housing growth in existing urbanized areas, near transit stations and along major public transportation corridors. These regional policies are consistent with state housing policies to promote infill development, environmental and agricultural protection and efficient development patterns.

The impacts of regional policy assumptions in *Projections* are: a) potential environmental and agricultural resource protection by directing growth away from existing open and agricultural lands; b) the encouragement of efficient development patterns through increased infill development and higher densities in existing communities; and c) the potential for increased transportation choices, e.g., walking and public transit, through more housing development near transit and jobs.

The household estimates in *Projections* account for all people living in housing units, including students. Thus, the portion of the student population that occupies part of a local jurisdiction's housing stock is counted as such and as a source of future household formation. The portion of the student population that occupies "group quarters," such as college dormitories, are not included in household population counts. This is consistent with state policy regarding RHNA that excludes "group quarters" from being counted as housing units.

Household growth is used as a factor, as opposed to existing units or total units, to ensure that additional housing is not planned where there are existing concentrations of homes in the region, but rather where growth is anticipated to occur. In this way household growth as a

factor in the methodology ensures that the allocation is consistent with both local plans for growth and with regional growth policies, as those areas that are planning for household growth would receive a higher allocation than those areas not planning for growth.

B. Employment, 45 percent (Existing Employment, 22.5 %; Employment Growth, 22.5 %)

Each local jurisdiction should plan for housing to accommodate existing employment (2007) and regionally projected employment growth (2007-2014) within its boundaries during the RHNA planning period.

This would ensure that the need allocation gives jurisdictions with both existing concentrations of jobs and planned job growth a share of the regional housing need. This would direct housing to existing job centers and to areas with anticipated employment growth. These jobs allocation factors may be effective in addressing regional jobs-housing imbalance. These factors would also facilitate access by proximity, for housing would be directed to communities with jobs and planned jobs, which may reduce vehicle miles traveled due to reduced inter- and intra-regional commuting.

As a factor, employment has the ability to assign regional housing needs to jurisdictions in a way that provides a better balance between housing and employment. In the Bay Area, as in many metropolitan areas, employment centers have historically not produced enough housing to match job growth. Limited housing production near existing jobs and in areas with continued employment growth has escalated Bay Area housing costs and has triggered increased housing production in outlying Bay Area communities and in surrounding counties, including San Joaquin, Stanislaus, and San Benito. This has led to longer commutes on increasingly congested freeways, inefficient use of public transportation infrastructure and land capacity, and negative impacts on health, equity, air quality, the environment and overall quality of life in the Bay Area.

In the allocation methodology, employment can be used in varying degrees of aggressiveness to address regional jobs-housing imbalance. The HMC considered three options: 1) employment growth, 2) existing jobs (2007) and 3) total jobs in the RHNA period (existing jobs in 2007 and growth from 2007 to 2014). Employment growth as a factor would assure that jurisdictions that are planning for employment growth also plan for commensurate housing. However, this would be ineffective in addressing historic regional jobs-housing imbalances, and therefore it is the least aggressive option. Existing jobs as an allocation factor would give relatively higher allocations to existing job centers and would therefore be the most aggressive toward historic jobs-housing imbalances; however it does not take into account future job growth. Total jobs as a factor would give relatively higher allocations to both jurisdictions that are currently job centers and those with planned job growth. Therefore, this is a moderately aggressive approach relative to the other two options.

The allocation method uses a balance between the least and most aggressive options by separately weighting employment growth and existing employment. This would attempt to address historic jobs-housing imbalances and would also seek to avert future imbalances. While an aggressive approach, it is relatively less aggressive than the use of total jobs as a factor. A total jobs factor would primarily direct growth to existing job centers, which would receive the entire 45 percent weight for employment, as opposed to the 22.5 percent weight.

Existing Employment, 22.5 Percent

The location and amount of existing jobs in the region is estimated by ABAG's forecasting model, as documented in *Projections*. Specifically, existing employment is based on: 1) existing regional and local job data, and 2) regional and local economic trends, attractiveness of commercial/industrial locations, including labor force costs, housing prices, travel costs, access to potential employees, markets, and similar businesses.

The inclusion of existing employment as a RHNA factor ensures that regional housing need is allocated in a manner consistent with regional policies and state RHNA objectives. Planning for more housing in communities with existing jobs can address historic jobs-housing imbalances. More housing in existing job centers may also encourage infill and efficient development patterns through higher densities in existing communities. There is also the potential for reduced inter- and intra-regional vehicle miles traveled and shorter commutes, as more housing would be planned in proximity to existing jobs. More housing near jobs may also encourage alternative modes of travel, including walking and public transportation, as most existing jobs centers in the region are also transit rich. Planning for housing near existing jobs also places less development pressure on outlying areas, especially in rural areas with agricultural lands and protected open space.

Employment Growth, 22.5 Percent

The location and amount of employment growth in the region is projected by ABAG's forecasting model, as documented in *Projections*. Specifically, employment growth is based on: 1) local land use policies and plans; 2) economic trends, such as national and regional industrial assumptions, attractiveness of commercial/industrial locations, including labor force costs, housing prices, travel costs, access to potential employees, markets, and similar businesses; and 3) regional policy.

Inclusion of local land use policies and plans and economic trends in ABAG's employment growth forecast ensures that the use of employment growth as a RHNA factor is consistent with local policies, plans, and local capacity for job growth. Employment growth in *Projections* considers all the land protection and growth policies, physical constraints, and the employment-related factors identified by the state and the HMC for inclusion in the allocation methodology, including existing jobs centers, home-based businesses, employed residents, housing prices, household income and employment at private universities, and campuses of the California State University and the University of California.

The inclusion of employment growth as a RHNA factor ensures that the regional housing need is allocated to areas where job growth is forecasted to occur during the RHNA period. These areas would have the responsibility of providing housing for the additional jobs that are added to the region. These areas are typically served by the region's transit infrastructure. Matching housing to jobs would still have the potential for reducing vehicle miles traveled and encouraging alternative modes of travel. This employment factor would place housing in existing communities, but would place less of the housing in the most urbanized cities in the region.

As with household growth, inclusion of regional policies in ABAG's *Projections* ensures that the use of employment growth as a RHNA factor is consistent with both state and regional polices regarding growth, infill development, and efficient use of land. This is because regional policies in *Projections* assume that relatively more job growth will occur in existing urbanized communities and near transit, while less growth is projected in outlying communities with no transit infrastructure, including those with agricultural areas and open

ITEM NO. 8a PAGE 24

space. In addition, regional assumptions would promote greater use of public transportation through increased job development near transit.

C. Household Growth near Transit, 5 Percent; Employment Growth near Transit, 5 Percent

Each local jurisdiction with an existing transit station should plan for more housing near such stations. As a factor, "household growth near transit" allocates 5 percent of the regional housing need to jurisdictions based on their forecasted household growth near existing transit stations. As a factor, "employment growth near transit" allocates 5 percent of the regional housing need to jurisdictions based on their forecasted employment growth near existing transit stations.

Transit is defined as areas with existing fixed-alignment public transit. The transit services included are: Altamont Commuter Express (ACE), Bay Area Rapid Transit (BART), Caltrain, San Francisco MUNI light rail, and Santa Clara Valley Transportation Authority (VTA) light rail, and ferries.

Growth near transit is defined as household or employment growth within one-half mile of an existing transit station, but eliminating any overlap between stations located within one mile of each other.

Incorporating a transit factor directly into the methodology would, in effect, give extra weight to this state and regional objective. This is because a transit-based policy is already incorporated into ABAG's policy-based *Projections*. Current regional policy places incrementally more growth along major transportation corridors and at transit stations. Therefore, a housing need allocation that uses regional housing growth and employment as factors would indirectly include "transit" as a policy issue in the allocation methodology. Using transit as a direct factor in the methodology would give transit a greater degree of policy weight. Those jurisdictions with existing transit stations, would receive a relatively higher proportion of the housing needs allocation than those jurisdictions without existing transit stations.

Transit is used as a direct factor, in part, due to the expectation that impacts of the policy assumptions in *Projections* will not begin to take effect until 2010. Directing growth to areas with public transit in the allocation methodology would ensure that this regional policy influences development patterns during the 2007-2014 RHNA period.

Use of these transit factors would address the state RHNA objectives and regional goals of encouraging the use of public transit and the efficient use of transportation infrastructure. Directing housing need to areas near transit would also promote infill development, as existing transit stations are primarily in existing urbanized areas in the region.

D. The Allocation Formula

The household growth, employment and transit factors are weighted together to create an allocation formula. Each factor describes a jurisdiction's "share" of a regional total. For example, if the region expects to grow by 100 households, and one city in the region is to grow by 10 households in the same period, then that city's "share" of the region's growth is 10 percent.

A jurisdiction's share of the Regional Housing need is assigned according to its percentage share of regional household growth, employment growth, existing employment, and household and employment growth near transit:

(Household Growth x .45) + (Employment Growth x .225) + (Existing Employment x .225) + (Household Growth near Transit x .05) + (Employment Growth near Transit x .05)

Growth is during the RHNA planning period (2007 - 2014). The transit factors refer to growth that occurs within ½ mile of existing fixed transit stations in the jurisdiction.

2. Regional Allocations of Housing Units based on Affordability

There are two primary goals of the RHNA process: 1) increase the supply of housing and 2) ensure that local governments consider the housing needs of persons at all income levels.

The allocation method requires that each local jurisdiction plan for income-based housing relative to the regional average. The income allocation scenarios give each jurisdiction 175 percent of the difference between their 2000 household income distribution and the 2000 regional household income distribution. The regional average distribution of household incomes is as follows:

- **Very Low, 23 Percent**
  Households with income up to 50 percent of the county's area median income (AMI)
- **Low, 16 Percent**
  Households with income between 50 and 80 percent of the county's AMI
- **Moderate, 19 Percent**
  Households with income between 80 and 120 percent of the county's AMI
- **Above-Moderate, 42 Percent**
  Households with income above 120 percent of the county's AMI

The first step in the income allocation process is to determine the difference between the regional proportion of households in an income category and the jurisdiction's proportion for that category. This difference is then multiplied by 175 percent to determine an "adjustment factor." Finally, this adjustment factor is added to the jurisdiction's initial proportion of households in the income category, which results in the total share of the jurisdiction's housing unit allocation that will be in that income category.

Using the 175 percent factor and the City of Oakland's very low income category as an example, 36 percent of households in Oakland were in this category, while the regional total was 23 percent.

City	Jurisdiction Proportion	Regional Proportion	Difference	Multiplier	Adjustment Factor	Total Share
Oakland	36	23	-13	175%	-23	13

The difference between 23 and 36 is -13. This is multiplied by 175 percent for a result of -22.75 (rounded to 23). This is then added to the city's original distribution of 36 percent, for a

total share of 13 percent. A similar calculation for Piedmont, which has a relatively low proportion of households in the "very low" income category yields the following results:

City	Jurisdiction Proportion	Regional Proportion	Difference	Multiplier	Adjustment Factor	Total Share
Piedmont	9	23	14	175%	24	33

As shown above, those jurisdictions that have a larger proportion of households in an income category will receive a smaller allocation of housing units in that category. Conversely, those jurisdictions that have a relatively low proportion of households in a category would receive a higher allocation of housing units in that category.

The effect of this allocation scenario is that the income distribution in each jurisdiction is made to more closely match the regional distribution by taking both a jurisdiction's existing conditions and future development into account. By addressing existing concentrations of low-income households, this allocation more aggressively promote an equitable regional income distribution. The multiplier determines how aggressively the scenario functions; the higher the multiplier, the more aggressive.

3. Spheres of Influence

Every city in the Bay Area has a "sphere of influence (SOI)". A city's SOI can be either contiguous with or beyond the city's boundaries. It is the areas that the city is responsible for planning, as it is the probable future boundary of the city, including areas that may eventually be annexed by the city. The SOI is designated by the county Local Area Formation Commission (LAFCO). The LAFCO influences how government responsibilities are divided among jurisdictions and service districts within a county. If there is planned household or employment growth within the unincorporated portion of an SOI during the RHNA period, the allocation methodology must include a rule for allocating housing needs to the affected city or county.

Therefore, the HMC recommends that each local jurisdiction with the land-use permitting authority in a SOI should plan for the housing needed to accommodate housing growth, existing employment and employment growth in such areas. A 100 percent allocation of the housing need to the jurisdiction that has land use control over the area would ensure that the jurisdiction that plans for accommodating the housing units also receives credit for any built units during the RHNA period.

There are differences in whether a city or county has jurisdiction over land use and development within unincorporated SOIs. In response to these variations, allocation method includes the following SOI rules:

1. In Napa, Santa Clara, Solano, and Sonoma Counties, the allocation of housing need generated by the unincorporated SOI will be assigned to the cities.
2. In Alameda and Contra Costa Counties, the allocation of housing need generated by the unincorporated SOI will be assigned to the county. [1]

[1] The County of San Mateo (formed a RHNA subregion) and the City and County of San Francisco (irrelevant) have been omitted.

3. In Marin County, 75 percent of the allocation of housing need generated by the unincorporated SOI will be assigned to the city; the remaining 25 percent will be assigned to the county.

Although these guidelines reflect the general approaches to SOIs in each county, adjustments may be needed to better reflect local conditions. Requests for SOI allocation adjustments may arise during the RHNA comment or revision period. Therefore, the methodology include the following criteria for handling such requests:

1. Adjustments to SOI allocations shall be consistent with any pre-existing written agreement between the city and county that allocates such units, or
2. In the absence of a written agreement, the requested adjustment would allocate the units to the jurisdiction that has permitting authority over future development in the SOI.

4. Transfer of Units

After the initial allocation, each local jurisdiction may request that it be allowed to transfer units with willing partner(s), in a way that maintains total need allocation amongst all transfer parties, maintains income distribution of both retained and transferred units, and includes a package of incentives to facilitate production of housing units. This transfer rule would allow the transfer of allocated housing need between willing jurisdictions in conjunction with financial and non-financial resources, while maintaining the integrity of the state's RHNA objectives by preventing any jurisdiction from abdicating its responsibility to plan for housing across all income categories. Transfers done in this manner may facilitate increased housing production in the region.

Request for transfer of RHNA allocations between jurisdictions must meet the following criteria:

1. Transfer requests must have at least two willing partners and the total number of units within the group requesting the transfer cannot be reduced.
2. Transfers must include units at all income levels in the same proportion as initially allocated.
3. All members of the transfer group must retain some allocation of very low and low income units.
4. The proposed transfer must include a specifically defined package of incentives and/or resources that will enable the jurisdiction(s) receiving an increased allocation to provide more housing choices than would otherwise occur absent the transfer and the accompanying incentives or resources.
5. If the transfer results in a greater concentration of very low or low income units in the receiving jurisdiction, the effect must be offset by findings by the members of the transfer group that address the RHNA objectives. For example, the findings might include (a) there is such an urgent need for more housing choices in those income categories that the opportunity to effect more housing choices in these categories offsets the impacts of over-concentration, or (b) the package of incentives and/or resources are for mixed income projects, or (c) the package of incentives and/or resources are for "transitional" housing for very low or low income households being relocated for rehabilitation of existing very low or low income units, or (d) the package of incentives and/or resources

are for additional units that avoid displacement or "gentrification" of existing communities.

6. For the transfer of very low and low income units, there are restrictions that ensure the long-term affordability of the transferred units.
7. Transfers must comply with all other statutory constraints and be consistent with the RHNA objectives.

In addition to guaranteeing that transfers meet the RHNA statutory objectives, these criteria promote regional policies to increase housing supply and provide more housing choices. The criteria state that the transfer must include the resources necessary to improve housing choices and, specifically, in a way that would not otherwise be possible without the transfer. The long-term affordability restrictions on very low and low income transferred units ensure that these units will contribute to a fundamental increase in affordable housing choices.

The criteria also emphasize development of affordable units and are therefore consistent with the state RHNA objective that every jurisdiction does its "fair share" to provide affordable housing. The requirement that jurisdictions must retain some very low and low income units and the stipulation that transfers must maintain the same income distribution as is initially allocated ensure that a jurisdiction cannot abdicate its responsibility to provide affordable units. The criteria also ensure that the benefits created by the transfer outweigh any possible negative effects of an over-concentration of lower income households.

5. Subregions

The County of San Mateo, in partnership with all twenty cities in the county, has formed a subregion, as allowed by state statute. The subregion has designated the City/County Association of Governments (C/CAG) as the entity responsible for coordinating and implementing the subregional RHNA process.

As required by statute, ABAG has assigned a share of the regional need to the San Mateo subregion "in a proportion consistent with the distribution of households" in *Projections 2007*. The subregion is responsible for completing its own RHNA process that is parallel to, but separate from, the regional RHNA process. The subregion will create its own methodology, issue draft allocations, handle the revision and appeal processes, and then issue final allocations to members of the subregion.

Although the subregion is working independently of the regional RHNA process, ABAG is ultimately responsible for ensuring that all of the region's housing need is allocated. Thus, if the subregion fails at any point in its attempt to develop a final RHNA allocation for the subregion, ABAG must complete the allocation process for the members of the subregion.

In the event that the San Mateo subregion fails to complete the RHNA process, the methodology include the following guidelines for handling the allocation of units to jurisdictions within the subregion:

1. If the members of the subregion adopts a "default allocation," ABAG will allocate using the default allocation. A "default allocation" is the allocation which a member of the San Mateo RHNA subregion receives if it "opts out" of the subregion.

2. If the subregion fails before ABAG has made any allocation, ABAG combines the subregional share with the rest of the regional need and allocates the total regional need to the entire region using ABAG's RHNA methodology.
3. If the subregion fails after ABAG has made its initial allocation, ABAG separately allocates the subregional share among only the members of the subregion. ABAG uses its RHNA methodology to do so.

This approach minimizes the extent of any reallocations that could occur as a result of subregional failure and preserves the integrity of the respective efforts of ABAG and C/CAG. Keeping San Mateo separated once ABAG has completed its initial allocation also provides the most certainty to all jurisdictions about what their allocation will be.

VI. Regional Projections

Every two years, ABAG produces a long-run regional forecast called *Projections*. The *Projections* forecast provides specific information for population, households, employment and other related variables. In *Projections 2007*, values are reported for year 2000, and then for each five year increment to 2035.

Several related models are used to perform the forecast. The economic model balances demand for the production of goods and services with the supply of productive capacity. The demographic model uses birth rates, death rates and migration data to forecast future population using a cohort-survival model. A great deal of data is required by the models, including information on economic relationships and trends, population-related information like births, deaths and migration, as well as land use and land use policy data.

Since *Projections 2003*, ABAG has assumed the "Network of Neighborhoods" land use pattern, as developed through the *Smart Growth Strategy/Regional Livability Footprint Project*. This pattern expects higher levels of housing production. It also assumes that an increasing proportion of regional growth occurs near transit and in existing urban areas. In the *Projections 2007* forecast, additional housing production and a shift in the pattern of development primarily occurs in the later part of the forecast. Earlier in the forecast, population growth is generally consistent with the California Department of Finance (DOF) forecast. The distribution of growth is generally consistent with local general plans.

ABAG has continually collected information on local land use as part of its modeling efforts. The forecast is produced for nearly 1400 census tracts in the region and shows the existing land use and the capacity of each tract to support additional population or economic activities.

Because the forecast is based on local land use information, forecasted growth occurs in locations that are consistent with local plans. However, even with 1400 census tracts, only so much detailed information can be included. We may know that moderate growth can occur in an area without specifically understanding that a portion of that area is a nature preserve. We may know that growth should not occur in an area, but it may not be clear whether it is due to a physical limitation, or a general plan policy.

Attachment 2. Draft Regional Housing Needs Allocation
July 2007

	Very Low <50%	Low <80%	Mod <120%	Above Mod	Total
ALAMEDA	482	329	392	843	2,046
ALBANY	64	43	52	117	276
BERKELEY	328	424	549	1,130	2,431
DUBLIN	1,092	661	653	924	3,330
EMERYVILLE	186	174	219	558	1,137
FREMONT	1,348	887	876	1,269	4,380
HAYWARD	768	483	569	1,573	3,393
LIVERMORE	1,038	660	683	1,013	3,394
NEWARK	257	160	155	291	863
OAKLAND	1,900	2,098	3,142	7,489	14,629
PIEDMONT	13	10	11	6	40
PLEASANTON	1,076	728	720	753	3,277
SAN LEANDRO	368	228	277	757	1,630
UNION CITY	561	391	380	612	1,944
UNINCORPORATED	536	340	400	891	2,167
ALAMEDA COUNTY	10,017	7,616	9,078	18,226	44,937
ANTIOCH	516	339	381	1,046	2,282
BRENTWOOD	717	435	480	1,073	2,705
CLAYTON	49	35	33	34	151
CONCORD	639	426	498	1,480	3,043
DANVILLE	196	130	146	111	583
EL CERRITO	93	59	80	199	431
HERCULES	143	74	73	163	453
LAFAYETTE	113	77	80	91	361
MARTINEZ	261	166	179	454	1,060
MORAGA	73	47	52	62	234
OAKLEY	219	120	88	348	775
ORINDA	70	48	55	45	218
PINOLE	83	49	48	143	323
PITTSBURG	322	223	296	931	1,772
PLEASANT HILL	160	105	106	257	628
RICHMOND	391	339	540	1,556	2,826
SAN PABLO	22	38	60	178	298
SAN RAMON	1,174	715	740	834	3,463
WALNUT CREEK	456	302	374	826	1,958
UNINCORPORATED	815	598	687	1,408	3,508
CONTRA COSTA COUNTY	6,512	4,325	4,996	11,239	27,072
BELVEDERE	7	6	6	6	25
CORTE MADERA	68	38	46	92	244
FAIRFAX	23	12	19	54	108
LARKSPUR	90	55	75	162	382
MILL VALLEY	74	54	68	96	292
NOVATO	275	171	221	574	1,241
ROSS	8	6	5	8	27
SAN ANSELMO	26	19	21	47	113

SAN RAFAEL	262	207	288	646	1,403
SAUSALITO	45	30	34	56	165
TIBURON	36	21	27	33	117
unincorporated	183	137	169	284	773
MARIN COUNTY	1,097	756	979	2,058	4,890
AMERICAN CANYON	169	116	143	300	728
CALISTOGA	17	11	18	48	94
NAPA	466	295	381	882	2,024
ST HELENA	30	21	25	45	121
YOUNTVILLE	16	15	16	40	87
unincorporated	181	116	130	224	651
NAPA COUNTY	879	574	713	1,539	3,705
SAN FRANCISCO COUNTY	6,588	5,534	6,753	12,314	31,189
SAN MATEO COUNTY	3,588	2,581	3,038	6,531	15,738
CAMPBELL	199	122	158	413	892
CUPERTINO	341	229	243	357	1,170
GILROY	319	217	271	808	1,615
LOS ALTOS	98	66	79	74	317
LOS ALTOS HILLS	27	19	22	13	81
LOS GATOS	154	100	122	186	562
MILPITAS	689	421	441	936	2,487
MONTE SERENO	13	9	11	8	41
MORGAN HILL	317	249	246	500	1,312
MOUNTAIN VIEW	633	430	541	1,275	2,879
PALO ALTO	846	666	786	1,207	3,505
SAN JOSE	7,750	5,321	6,197	15,449	34,717
SANTA CLARA	1,293	914	1,002	2,664	5,873
SARATOGA	90	68	77	57	292
SUNNYVALE	1,073	708	776	1,869	4,426
unincorporated	35	27	34	69	165
SANTA CLARA COUNTY	13,877	9,566	11,006	25,885	60,334
BENICIA	147	99	108	178	532
DIXON	197	98	123	310	728
FAIRFIELD	873	562	675	1,686	3,796
RIO VISTA	213	176	207	623	1,219
SUISUN CITY	173	109	94	234	610
VACAVILLE	754	468	515	1,164	2,901
VALLEJO	655	468	568	1,409	3,100
unincorporated	26	16	18	39	99
SOLANO COUNTY	3,038	1,996	2,308	5,643	12,985
CLOVERDALE	71	61	81	204	417
COTATI	67	36	45	109	257
HEALDSBURG	71	48	55	157	331
PETALUMA	522	352	370	701	1,945
ROHNERT PARK	371	231	273	679	1,554
SANTA ROSA	1,520	996	1,122	2,896	6,534

SEBASTOPOL	32	28	29	87	176
SONOMA	73	55	69	156	353
WINDSOR	198	130	137	254	719
unincorporated	319	217	264	564	1,364
SONOMA COUNTY	3,244	2,154	2,445	5,807	13,650
REGION	48,840	35,102	41,316	89,242	214,500