Planning Directors Forum
Wednesday, June 30, 2021
10:00 – 11:30 a.m.
Go To Webinar

AGENDA

https://attendee.gotowebinar.com/register/4667071032479208971

You must register to attend the meeting. After registering, you will receive a confirmation email containing information about joining the webinar. You will need to download the Go To Webinar software to attend the meeting.

1. **Welcome/Roll Call** *(5 mins)*

2. **Draft 2021 Title VI Plan (Miranda Taylor, AMBAG)** *(10 mins)*

   AMBAG staff will provide an overview on the Draft 2021 Title VI Plan. The Draft 2021 Title VI Plan was released for a 30-day public review period. Comments on the Draft 2021 Title VI Plan are due on July 9, 2021.

3. **6th Cycle Regional Housing Needs Assessment (RHNA) Methodology Options (Heather Adamson and Paul Hierling, AMBAG)** *(60 mins)*

   AMBAG staff will provide an overview of potential RHNA methodology options for the 6th Cycle RHNA. Planning Directors are asked to provide feedback and input on the methodology options.

4. **Other Items** *(5 mins)*
   - **REAP 2.0**

5. **Next Steps/Adjourn**

Staff Contact
Heather Adamson, AMBAG
(831) 264-5086
hadamson@ambag.org

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

MEMORANDUM

TO: **Planning Directors Forum**

FROM: **Miranda Taylor, Planner**

SUBJECT: **Draft 2021Title VI Plan**

MEETING DATE: **June 30, 2021**

RECOMMENDATION:

Staff will provide the Planning Directors Forum with an overview of the Draft 2021 Title VI Plan. Planning Directors are asked to provide feedback on the Draft 2021 Title VI Plan.

BACKGROUND:

Title VI is a Federal statute that mandates that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. The Federally required 2021 Title VI Plan is a comprehensive document that guides AMBAG in the Title VI process. AMBAG receives Federal funding through Caltrans and therefore is subject to this Federal requirement.

In 2012, the Federal Transit Administration set new guidelines for Caltrans requiring sub-recipients of Caltrans Planning Grants to submit a Title VI Plan to FTA every three years. AMBAG, as a sub-recipient of such funds and as the federally designated Metropolitan Planning Organization (MPO) for the Monterey Bay Region, must prepare and adopt a Title VI Plan at least once every three years. The 2021 Title VI Plan will cover the three-year period from 2021-2024 and must comply with FTA Circular 4702.1B. The 2021 Title VI Plan emphasizes the AMBAG Title VI process and procedures, including the use of public outreach techniques and innovative strategies to specifically include Limited English Proficiency (LEP) Populations within the region.

DISCUSSION:

The requirements for the *2021 Title VI Plan* under FTA Circular 4702.1B incorporate environmental justice principles into plans, projects, and activities that receive funding from FTA. The following guiding environmental justice principles must be considered through "all

public outreach and participation efforts conducted by the FTA, its grantees and sub-grantees":

- To avoid, minimize, or mitigate disproportionately high and adverse human health and environmental effects, including social and economic effects, on minority populations and low income populations.
- To ensure the full and fair participation by all potentially affected communities in the transportation decision making process, and to prevent the denial of, reduction in, or significant delay in the receipt of benefits by minority and low income populations.

A Title VI Plan is the required guide for all Title VI related activities conducted by AMBAG. As such, this plan will contain the procedures, strategies and techniques that will be used by AMBAG for increasing public involvement in all programs and projects that use Federal funds and creating a more inclusive public participation process for LEP Populations. The Draft 2021 Title VI Plan can be downloaded from: https://ambag.org/plans/title-vi-plan.

Below are key dates for the 2021 Title VI Plan:

- **June 9, 2021:** AMBAG Board of Directors released the *Draft 2021 Title VI Plan* for a 30-day public comment period.
- **June 9 - July 9, 2021:** 30-Day Public Comment Period
- **July 9, 2021:** 30-day public comment period ends
- **July 2021:** Prepare the Final 2021 Title VI Plan
- **August 11, 2021:** AMBAG Board of Directors will be asked to adopt the Final 2021 Title VI Plan

Please send comments on the Draft 2021 Title VI Plan to Miranda Taylor at mtaylor@ambag.org.

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

MEMORANDUM

TO:	**Planning Directors Forum**
FROM:	**Heather Adamson and Paul Hierling, AMBAG**
SUBJECT:	**6th Cycle RHNA Methodology Options**
MEETING DATE:	**June 30, 2021**
RECOMMENDATION:	**DISCUSSION**

The Planning Directors Forum is asked to discuss Regional Housing Needs Allocation (RHNA) methodology options for the AMBAG region and provide input and feedback to AMBAG staff on the various factors to could be considered in the RHNA methodology.

DISCUSSION:

California State Housing Element Law requires AMBAG, acting in the capacity of Council of Governments (COG), to develop a methodology for distributing existing and projected housing need to local jurisdictions in Monterey and Santa Cruz Counties. Housing law also sets forth a process, schedule, objectives and factors to use in the RHNA methodology. The methodology must address allocation of housing units by jurisdiction, housing units by income group, and must address 12 housing-related factors and five statutory objectives. The Council of San Benito County Governments performs this same function for San Benito County.

On May 24, 2021, AMBAG provided an overview of the 6th Cycle Regional Housing Needs Allocation (RHNA) process, schedule, and a review of allocation methodologies employed by other Councils of Governments (COGs). There were a wide variety of options described in the staff memo distributed for that meeting as shown in Attachment 1. At the May meeting, AMBAG received feedback from the Planning Directors Forum (PDF) on RHNA methodology approaches for the region. During the meeting, the group expressed interest in seeing employment as a significant allocation factor in the methodology, and that Affirmatively Furthering Fair Housing (AFFH) and transit should be considered.

On June 1, 2021, AMBAG sent a survey to all planning directors to collect additional feedback on potential factors for RHNA methodology development. The survey results showed that employment was the highest priority factor and AFFH second-highest,

while transit and cost burden were medium priority, and other allocation factors received low priority. AMBAG staff used all feedback received to prepare potential RHNA methodology options for discussion. The three lower ranked factors (farmland preservation, wildfire risk, and overcrowding) were not included in potential options for discussion for two reasons: jurisdiction planning staff indicated that these factors were lowest priority and to streamline the RHNA methodology.

Based on this feedback, AMBAG has prepared four potential high level approaches to the RHNA methodology to facilitate discussion (Table 1). These scenarios are only for discussion and do not represent final options.

Table 1: Potential AMBAG RHNA Allocation Methodology Scenarios for Discussion*

	RHNA Methodology #1	RHNA Methodology #2	RHNA Methodology #3	RHNA Methodology #4
Employment	High (80%)	High (80%)	High (60%)	High (90%)
Transit	Low (10%)	Low (10%)	Medium (20%)	Medium (10%)
Cost Burden**	Low (10%)	Low (10%)	Medium (20%)	N/A

AFFH***	Low	High	Medium	Medium

*Scenarios are for discussion purposes only and do not represent final RHNA options.
**Cost burden is factored into the Regional Housing Needs Determination.
***AFFH only affects the proportion of very low/low/moderate/above moderate. It does not affect the absolute number of housing units a jurisdiction is allocated.

Potential AMBAG RHNA methodology #1 is primarily based off of feedback from the May 2021 PDF meeting. Per PDF feedback, employment is weighted high with transit weighted lower. Based on input from the June 2021 survey, cost burden was also included as an additional low-weighted allocation method, and the scenario has a low AFFH factor.

RHNA methodology option #2 is based primarily off of input received in the June 2021 survey. Compared to methodology #1, methodology #2 weights AFFH as high to reflect preference stated in the survey.

RHNA methodology #3 includes a high weight for employment and medium weights for AFFH, transit, and cost burden. While the PDF expressed interest in keeping the AFFH and transit allocation method low during the May 2021 PDF meeting, these were weighted medium in this scenario for the purposes of creating a meaningfully different alternative for the purpose of discussion.

RHNA methodology option #4 is based primarily off of input received in the June 2021 survey, but removes cost burden from the mix because cost burden is factored into the overall regional housing need determination.

In all potential scenarios, employment is weighted high per PDF feedback and survey results. During the May 2021 PDF meeting, existing employment was preferred over future employment.

Transit is weighted from low to medium among the potential scenarios. While the PDF expressed an interest in a lower weighted transit distribution factor during the discussion at the May 2021 PDF meeting, a medium weight for transit was included in option #3 for the purpose of discussion. A lower transit weight was favored by the PDF due to the nature of our region's more rural and suburban transit system which is not as robust as other predominantly urban transportation systems.

Cost burden is weighted from low to medium among the first three scenarios and is excluded from the fourth. Since cost burden is already included in the regional RHNA determination by statute, including this factor will magnify cost-burden impacts on cost burdened jurisdictions. A higher cost burden weight means that those jurisdictions struggling with higher housing costs would be required to plan for more RHNA housing units. A lower cost burden weight would have the same effect, but at a lower magnitude. Since this factor is not required by the RHNA methodology by statute and magnifies new cost burden RHNA requirements, the PDF may also choose to exclude this factor from the RHNA methodology entirely.

The AFFH allocation weight ranges from low to high in the potential scenarios. The AFFH factor normally shifts the proportion of income category housing each jurisdiction receives and does not typically increase or decrease the number of housing units a jurisdiction is assigned. A higher AFFH weight would result in a higher share of lower income units allocated based on AFFH. A lower AFFH weight would result in a more balanced share of very low, low, moderate, and above moderate income units being spread amongst jurisdictions. While the HCD/California Tax Credit Allocation Committee (TCAC) Opportunity Map Index is normally used to meet the AFFH requirement, high resource areas may not always be appropriate for housing, such as in areas with preserved lands or high wildfire risk. The Opportunity Map can serve as a base, and then be refined to resolve these kinds of variances.

Planning Directors are asked to provide feedback on the potential RHNA methodology options and factor weightings as well as any additional input on options that staff should develop and bring back for future discussion.

Next Steps

Based on feedback received from the PDF and AMBAG Board of Directors, staff will bring back additional information related to potential RHNA methodologies at the August 18, 2021 PDF meeting. AMBAG will continue to consult with the PDF and AMBAG Board on RHNA methodology development.

ATTACHMENTS:

1. May 24, 2021 Planning Directors Forum Memo and Attachments

ASSOCIATION OF MONTEREY BAY AREA GOVERNMENTS

MEMORANDUM

TO:	**Planning Directors Forum**
FROM:	**Heather Adamson and Paul Hierling, AMBAG**
SUBJECT:	**6th Cycle RHNA Methodology Options**
MEETING DATE:	**May 24, 2021**
RECOMMENDATION:	**DISCUSSION**

Discuss Regional Housing Needs Allocation (RHNA) methodology options for the AMBAG region and provide input.

BACKGROUND/DISCUSSION:

On February 25, 2021, AMBAG provided an overview of the 6th Cycle Regional Housing Needs Allocation (RHNA) process and schedule (see Figure 1). This item discusses the approaches to RHNA methodology employed by other Councils of Government (COGs) throughout the state and requests feedback from the Planning Directors Forum (PDF) on RHNA methodology approaches appropriate for the AMBAG region.

Figure 1: Revised RHNA Schedule

TARGET SCHEDULE	TASK
Spring/Summer 2021	AMBAG staff begins early consultation with HCD on 6th Cycle RHNA determination
Spring/Summer 2021	Discussions with PDF on potential RHNA methodology options and factors
July 1	Jurisdictions receive RHNA survey on local planning factors and affirmatively furthering fair housing
August 16	RHNA survey due from jurisdictions
August 2021	6th Cycle RHNA Determination expected from HCD
September 2021	HCD presents at AMBAG Board Meeting
Spring-Winter 2021	Potential RHNA methodology options discussed by AMBAG Board
November 2021	Selection of proposed RHNA methodology by AMBAG Board
November 2021 - January 2022	HCD Reviews Draft Methodology
January/February 2022	Approval of final RHNA methodology by AMBAG Board

Planning Excellence!

January/February 2022	Release draft RHNA plan with RHNA allocations by jurisdiction
May 2022	AMBAG releases final Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) accommodating RHNA
June 2022	Adoption of final 2023-31 RHNA plan with RHNA allocations by AMBAG Board
December 2023	Jurisdiction's 6th Cycle Housing Elements are due to HCD

Background

California State Housing Element Law enacted in 1980 requires AMBAG, acting in the capacity of Council of Governments (COG), to develop a methodology for distributing existing and projected housing need to local jurisdictions in Monterey and Santa Cruz Counties. Housing law also sets forth a process, schedule, objectives and factors to use in the RHNA methodology. The methodology must address allocation of housing units by jurisdiction, housing units by income group, and must address 12 housing-related factors and five statutory objectives. The Council of San Benito County Governments performs this same function for San Benito County.

AMBAG is currently in the planning phase for the 2023-2031 RHNA period. As there have been five previous housing element update cycles, this round is also known as the 6th Cycle RHNA. The 6th Cycle of RHNA is different from previous rounds in that it significantly increases the amount of housing a region must plan for due to recent legislative changes effective January 1, 2019, as mandated in SB 828 (2018), AB 1771 (2018), and AB 686 (2018) which altered HCD RHNA determinations as follows:

- Adjusts RHNA up by setting a target "healthy" vacancy rate of no less than 5%;
- Adjusts RHNA up by redistributing overcrowding into housing units;
- Allows HCD to adjust RHNA upwards based on comparing the difference in cost-burden by income group for the region to the cost burden by income group for comparable regions, and adjusting the very-low and low income housing need upwards accordingly;
- Prohibits the use of previous underproduction of housing or stable population growth to reduce housing development goals;
- Requires RHNA methodologies to promote fair housing, and reduce income and racial segregation when allocating housing of various income types.

RHNA Process and Schedule

The RHNA produces regional, subregional and local targets for the amount and type of housing needed over the planning period. As part of the process of identifying regional housing needs, State law (Government Code 65584 et seq.) states the California Housing and Community Development Department (HCD) is responsible for determining the

regional housing unit needs total for each state COG which is segmented by income levels: very low, low, moderate, and above moderate income units. HCD bases their housing needs determinations on population forecasts from the California Department of Finance (DOF). HCD then applies a formula to determine final housing needs which includes converting the population forecast to household (housing) demand using household formation rates, and applying statutorily required adjustments upwards to take into consideration housing need for low vacancy rates, overcrowding, demolitions and housing cost burdens. The final allocation give to the AMBAG for the Monterey and Santa Cruz Counties region is known as the Regional Housing Needs Determination (RHND). AMBAG is currently in early consultation discussions with HCD and DOF regarding their approach for determining the total regional housing need. Once HCD and AMBAG have agreed to the COG regions total housing need, AMBAG is responsible for developing a method to allocate the housing need amongst all of the jurisdictions within the COG region. AMBAG expects to receive a 2023-2031 regional housing need determination from HCD in August 2021.

Statutory Objectives and Factors for RHNA Methodology

State statute requires AMBAG to consider or further a series of five objectives and 12 factors, many of which have been newly amended by state legislation since 2018 (see Attachment 1). The following five objectives must be considered during the development of the methodology to allocate housing needs in the region:

1. Increase Housing Supply and Mix of Housing Types
2. Promote Infill, Equity, and Environment
3. Ensure Jobs Housing Balance and Fit
4. Promote Regional Income Parity
5. Affirmatively Further Fair Housing

The RHNA objectives provide the guiding framework for how AMBAG must develop the methodology. AMBAG is required to demonstrate how its methodology furthers each of the objectives. This requires proactive inclusion of each objective into the analysis and represents a higher standard than in previous cycles, which required allocation methodologies only to be generally consistent with state objectives.

In order for the RHNA methodology to be approved, HCD will review and determine whether it meets these five objectives and is consistent with RHNA statutes. If any objective is not adequately addressed, the methodology must be revised and resubmitted until HCD determines the methodology meets all RHNA objectives. The AMBAG Board cannot approve a methodology and the draft RHNA allocation cannot be produced until HCD has approved the RHNA methodology.

In addition to the statutory methodology objectives, there are 12 RHNA factors that AMBAG should consider when distributing each jurisdiction's overall and income

category allocations. State law mandates that the RHNA factors be incorporated into the methodology to the extent that sufficient data is available.

1. Jobs and Housing Relationship
2. Opportunities and constraints to development of additional housing, including capacity for sewer and water service, availability of land suitable for development, lands preserved or protected from development, and county policies to preserve prime agricultural land.
3. Opportunities to maximize transit and existing transportation infrastructure
4. Policies directing growth toward incorporated areas
5. Loss of units contained in assisted housing developments
6. High housing cost burdens
7. Rate of Overcrowding
8. Housing needs of farmworkers
9. Housing needs of UC and Cal State students
10. Loss of units during an emergency
11. SB 375 Greenhouse Gas Reduction Targets
12. Other factors adopted by Council of Governments (COGs)

AMBAG is required to survey each of the member jurisdictions to request information regarding the factors listed above (per Gov. Code Section 65584.04(b)(1)). AMBAG staff will be distributing a survey form to each member jurisdiction requesting this information in late spring 2021.

Allocation Methodologies Used by Other Councils of Government

In preparation for the 2023-2031 RHNA planning period, staff has reviewed all available RHNA allocation methodologies used by other COGs subject to new RHNA requirements which became effective January 1, 2019. At the time of writing, there were only six HCD approved RHNA methodologies from other COGs available which comply with new RHNA law. While other RHNA methodologies are being composed throughout the state, those have not been reviewed or approved by HCD so they have not been included in this review. The RHNA allocation methodologies reviewed include a range of approaches, including considerations for proximity to job opportunities, fair housing issues, transit proximity, and income levels. In all cases, the Council of Governments' adopted regional growth forecasts are used as a starting point in the RHNA process, with additional adjustments made as necessary.

The RHNA Methodologies discussed in this section are summarized in Attachment 2:

- Southern California Association of Governments (SCAG)
- Sacramento Area Council of Governments (SACOG)
- Association of Bay Area Governments (ABAG)
- Santa Barbara County Association of Governments (SBCAG)

- Butte County Association of Governments (BCAG)
- San Diego Association of Governments (SANDAG)

The six RHNA methodologies reviewed included a number of common approaches which may inform the AMBAG approach (See Figure 2). These allocation methods are discussed in more detail below.

Figure 2: Comparison of RHNA Allocation Methods by COG

Allocation Method	SCAG	SACOG	ABAG	SBCAG	BCAG	SANDAG
RGF Base Allocation and/or Growth Rate	X	X	X	X	X	X
Employment Access	X	X	X	X	X	X
Affirmatively Furthering Fair Housing (AFFH): HCD/TCAC Opportunity Indices	X	X	X	X	X	X
Transit Access	X		X		X	X
Housing Income Parity Adjustment	X	X		X		X
Other: Overcrowding, Cost Burden, Wildfire, Preserved Land Adjustments				X	X	

Regional Growth Forecast

The regional growth forecast (RGF) is a key guiding factor in developing a methodology for RHNA distribution. Basing a RHNA methodology on the RGF is common to the vast majority of current and past RHNA methodologies throughout California. This helps assure the RHNA is distributed according to regionally recognized housing growth rates and helps fulfill the statutory requirement that RHNA be consistent with the MTP/SCS, which is also based on the RGF.

The RGF housing growth over the RHNA period, December 15, 2023 to December 15, 2031, is normally applied as a base RHNA allocation to each jurisdiction. Since the RHND is higher than the RGF due to statutory adjustments upwards to account for more ideal housing conditions, the remainder of unallocated RHNA units are typically allocated to each jurisdiction based on other allocation methods.

Employment Access

Employment was included as a RHNA allocation method in all COGs surveyed. Among COGs surveyed, a portion of RHNA between 10-70% was assigned to jurisdictions based on the jurisdiction's proportion of existing and/or future regional employment. SACOG used a slightly different approach which focused on assigning more low income housing units to jurisdictions with a high number of low income jobs and a low number of low income housing units. The goal of the employment access allocation method is to help

assure that future housing is built in areas with adequate job opportunities for those residents. This allocation method helps the RHNA methodology meet the statutory objective of "Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction."

Using employment access as a RHNA allocation method is a key strategy in helping to resolve regional jobs-housing imbalances and complying with RHNA mandated objectives. COGs tended to allocate more RHNA using this allocation method if there is a significant jobs-housing imbalance between jurisdictions in the region. COGs generally allocated less RHNA by employment if their jobs-housing ratio was fairly balanced between jurisdictions.

While existing employment can be an important indicator of how housing should be distributed to improve existing jobs-housing imbalances, future job growth may not conform to existing patterns. For example, if a jurisdiction is "built out" with the majority of its commercially zoned areas occupied by employers, employment may not grow significantly in the future. Future job growth can be considered in RHNA employment allocations to account for the variance between current and future job growth.

Affirmatively Furthering Fair Housing

A allocation method addressing AFFH must be included in the RHNA methodology to meet the statutory requirement of affirmatively furthering fair housing by "...furthering fair housing by taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics." Affirmatively Furthering Fair Housing (AFFH) was included as a RHNA allocation method for all COGs surveyed. Most COGs used the HCD/California Tax Credit Allocation Committee (TCAC) Opportunity Map Index data to allocate some portion of RHNA. See Attachment 3 for data included in the TCAC/HCD Opportunity Map Index.

The HCD/TCAC data identifies opportunity zones where housing can be built in order to remediate concentrations of racial and ethnic segregation and concentration of poverty by encouraging access to opportunities such as better employment, better schools, and areas of lower crime. This data source identifies areas in the state whose characteristics have been shown by research to support positive economic, educational, and health outcomes for low-income families and their children. An advantage of using HCD/TCAC data to address AFFH is that HCD has consistently used the Opportunity Map to assess whether other regions' RHNA methodologies meet the objectives to affirmatively further fair housing. However, since RHNA can only allocate housing on the jurisdictional level, the success of this allocation method in placing affordable housing in higher

opportunity neighborhoods will depend on how each jurisdiction implements their Housing Element's AFFH policies at the local level.

Transit Access

Transit access was another common allocation method identified in the RHNA methodologies surveyed where a portion of RHNA was allocated based on transit proximity. This allocation method is designed to assure that new housing, especially low and very low income housing, provides residents with access to transit. Since lower income households often use transit at a higher rate, this allocation method helps assure that lower income households will have access to transit. This allocation method may contribute to achieving the statutory requirement of "Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080."

One challenge with this allocation method is that the regional transit system is not as expansive in the AMBAG region compared to more urban areas. As a result residents of affordable housing may still need to rely on vehicles to get to and from their place of work. While the more urban SCAG allocated 50% of RHNA near transit, ABAG and BCAG allocated 15% and 10% of RHNA near transit, respectively. SACOG and SBCAG did not use a transit allocation method in allocating their RHNA.

Housing Income Parity Adjustment

Housing income parity was an allocation method used in the RHNA methodologies surveyed with the goal of allocating more lower and moderate income housing to jursidictions with less of those income category housing types. This allocation method does not affect the quantity of RHNA housing allocated to a juridiction, it only affects the proportional split of very low income, low income, moderate income, and above-moderate income. This allocation method contributes to achieving the statutory requirement of "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 American Community Survey."

While a moderate income parity allocation method can help assure an improved balance of different housing income types for each jurisdiction, weighting RHNA allocation too heavily with this allocation method may result in a large proportion of very low income housing concentrated amongst a handful of jurisdictions. Due to the generally high cost of living in the AMBAG region, very low income housing is the most difficult type of housing to attract and build.

Other Allocation Methods: Overcrowding, Cost Burden, Wildfire, Preserved Land Adjustments

COGs used a variety of other allocation method in developing their RHNA methodology. SBCAG adjusted their employment-weighted RHNA distribution by allocating housing 50% based on a jurisdiction's proportion of overcrowding and 50% based on a jurisdiction's cost burden of housing. The goal of this approach is to directly address two allocation methods which are responsible for the majority of increased RHNDs for all regions. One challenge with this approach is that this allocation approach does not assure that overcrowding and cost burden issues will be improved. That requires jurisdiction-specific prioritization of this issue within their housing element.

BCAG, in the aftermath of the Camp Fire of 2018 which destroyed much of the Town of Paradise, allocated 10% of housing based on the proportion of the jurisdiction within a high fire risk zone. Similarly, BCAG assigned another 10% of their housing based on the proportion of preserved agricultural and forest within in a jurisdiction.

The risk with this approach is that allocating using this allocation method cannot assure that housing will not continue to be built in high fire areas without accompanying state law to forbid this practice. Legislation to restrict development in these high risk areas failed to pass in 2020 but will be considered again by the State legislature in 2021.

BCAG also chose to allocate a small portion of their RHNA inversely to the proportion of preserved agricultural lands. This approach accommodates jurisdictions that may have significant amounts of farmland which would interfere with their ability to build housing, such as greenlined communities with no excess development capacity. In practice there may be few jurisdictions that are subject to this type of limitation and a region would have to be evaluated to identify whether this allocation method would be applicable.

Next Steps

AMBAG will collect feedback from the PDF and will continue to consult with the PDF and AMBAG Board on RHNA methodology development.

ATTACHMENTS:

1. Regional Housing Needs Allocation Objectives and Factors
2. Allocation Methodologies Used by Other Councils of Government
3. TCAC/HCD Opportunity Map Index Indicators

REGIONAL HOUSING NEEDS ALLOCATION OBJECTIVES AND FACTORS (§65584.04.E)

This section describes the Regional Housing Needs Allocation (RHNA) objectives and factors identified in state statute which AMBAG must consider. Objectives must be met in all RHNA methodologies. Factors must be considered to the extent sufficient data is available when developing its RHNA methodology.

RHNA Plan Objectives, Government Code 65584(d)

The regional housing needs allocation plan shall further all of the following objectives:

1. 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 each jurisdiction receiving an allocation of units for low- and very-low-income households.
2. Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080.
3. Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.
4. 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 American Community Survey.
5. Affirmatively furthering fair housing by taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.

RHNA Plan Factors, Government Code 65584(e)

1. **Jobs and Housing Relationship**

"Each member jurisdiction's existing and projected jobs and housing relationship. This shall include an estimate based on readily available data on the number of low-wage jobs within the jurisdiction and how many housing units within the jurisdiction are affordable to low-wage workers as well as an estimate based on readily available data, of projected job growth and projected household growth by income level within each member jurisdiction during the planning period." - §65584.04(e)

2. **Opportunities and constraints to development of additional housing (see below)**

   2a. Capacity for sewer and water service
   "Lack of capacity for sewer or water 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." - §65584.04(e)

   2b. Availability of land suitable for urban development
   "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. The determination of available land suitable for urban development may exclude lands where the Federal Emergency Management Agency (FEMA) or the Department of Water Resources has determined that the flood management infrastructure designed to protect that land is not adequate to avoid the risk of flooding." - §65584.04(e)

   2c. Lands preserved or protected from urban development
   "*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, including land zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of that jurisdiction that prohibits or restricts conversion to non-agricultural uses." - §65584.04(e)*

2d. County policies to preserve prime agricultural land

"County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated and land within an unincorporated area zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of that jurisdiction that prohibits or restricts its conversion to non-agricultural uses." - §65584.04(e)

3. Opportunities to maximize transit and existing transportation infrastructure

"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." - §65584.04(e)

4. Policies directing growth toward incorporated areas

"Agreements between a county and cities in a county to direct growth toward incorporated areas of the county and land within an unincorporated area zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of the jurisdiction that prohibits or restricts conversion to non-agricultural uses." - §65584.04(e)

5. Loss of units contained in assisted housing developments

"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." - §65584.04(e)

6. High housing cost burdens

"The percentage of existing households at each of the income levels listed in subdivision (e) of Section 65584 that are paying more than 30 percent and more than 50 percent of their income in rent."

7. Rate of Overcrowding

Factor undefined. - §65584.04(e)

8. Housing needs of farmworkers

Factor undefined. - §65584.04(e)

9. Housing needs of UC and Cal State students

"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." - §65584.04(e)

10. Loss of units during an emergency
"The loss of units during a state of emergency that was declared by the Governor pursuant to the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2), during the planning period immediately preceding the relevant revision pursuant to Section 65588 that have yet to be rebuilt or replaced at the time of the analysis." - §65584.04(e)

11. SB 375 Greenhouse Gas Reduction Targets
"The region's greenhouse gas emissions targets provided by the State Air Resources Board pursuant to Section 65080." - §65584.04(e)

12. Other factors adopted by Council of Governments
"Any other factors adopted by the council of governments, that further the objectives listed in subdivision (d) of Section 65584, provided that the council of governments specifies which of the objectives each additional factor is necessary to further. The council of governments may include additional factors unrelated to furthering the objectives listed in subdivision (d) of Section 65584 so long as the additional factors do not undermine the objectives listed in subdivision (d) of Section 65584 and are applied equally across all household income levels as described in subdivision (f) of Section 65584 and the council of governments makes a finding that the factor is necessary to address significant health and safety conditions." - §65584.04(e)

ALLOCATION METHODOLOGIES USED BY OTHER COUNCILS OF GOVERNMENT

Introduction

To inform AMBAG's methodology, AMBAG staff has reviewed 6th Cycle RHNA allocation methodologies used by other COGs. These other allocation methodologies give a sense of the variety of possible approaches to allocating the RHNA. The RHNA allocation methodologies reviewed include a range of approaches, from simplified allocations using only the household or population growth in adopted growth forecasts to more involved allocations incorporating existing or forecasted jobs, and adjustments for very low and low income levels. In most cases, the COG's adopted growth forecasts are used as a starting point in the RHNA process, with additional adjustments made as necessary. Starting the RHNA allocation process with a base determined by the regional growth forecast establishes a foundational allocation that recognizes the significant capacity differences between jurisdictions and provides for an allocation that is suitable for each jurisdiction's existing size.

The following RHNA allocation processes are summarized below:

- Southern California Association of Governments
- Sacramento Area Council of Governments
- Association of Bay Area Governments
- Santa Barbara County Association of Governments
- Butte County Association of Governments
- San Diego Association of Governments (SANDAG)

Southern California Association of Governments (SCAG)

SCAG's 5th Cycle of RHNA determined a need for 412,137 units for the 6.8-year period of 2014 through 2021. For the current 6th Cycle, the determination of 1,341,827 housing units for the SCAG region has been proposed and adopted for the 8.25-year projection period of 2021 through 2029. SCGA's allocation increased by 225 percent between the 5th and 6th RHNA cycle. Compared to the prior 5th Cycle, SCAG's large increase is primarily attributed to the growth that the region has projected for 2020-2030.

The SCAG 6th Cycle methodology includes the following steps:

- Assumed expected housing growth according to the regional growth forecast accommodates a portion of the RHNA housing need

- Increase projected housing need based on a healthier vacancy rate, redistributing overcrowding to housing units, and replacement of any lost units due to events such as disasters
- Allocate remaining housing need based on HCD RHNA determination: 50% in high quality transit area, 50% in high jobs accessibility zones
- Redistribute a portion of housing assigned to extremely disadvantaged communities (per HCD Opportunity Indices) to non-disadvantaged areas with proximity to high quality transit and high jobs accessability zones (50/50).
- Apply a social equity adjustment to assure that housing for the different income categories (very low, low, moderate, above moderate) is distributed more evenly, assigning more lower and moderate income housing to jursidictions with less of those income category housing types.
- Applied an AFFH allocation method to place more affordable housing in high resource zones per HCD Opportunity Indices.

Sacramento Area Council of Governments (SACOG)

SACOG's 5th Cycle of RHNA determined a need for 104,970 units for the 7.6-year period of 2013 through 2021. For the current 6th Cycle, the determination of 153,512 housing units for the SACOG region has been proposed and adopted for the 8.2-year projection period of June 2021 through August 2029. SACOG's allocation increased by 46 percent between the 5th and 6th RHNA Cycle. Compared to the prior 5th Cycle, SACOG's increase is primarily attributed to the different housing climate in 2019, and the inclusion of two new existing need considerations (overcrowding and cost-burden). For the 5th Cycle, SACOG received a downward RHNA adjustment to account for the high vacancy rates as a result of the recession. The upward adjustment for the 6th Cycle is to help bring the SACOG's vacancy rate back to a healthy rate of 5 percent. The change in vacancy rates alone is the result of over 35,000 units being allocated to SACOG for the 6th Cycle of RHNA.

The methodology used by SACOG for its 2021-2029 Regional Housing Needs Plan (RHNP) starts by assigning projected and needed housing units according to the regional growth forecast.

SACOG then assigns the proportion of four housing income-categories (very low, low, moderate, above moderate) that each jurisdiction must plan for based on adjustment factors. The adjustment factors address accommodating regional income parity, affirmatively furthering fair housing and achieving a better jobs/housing balance.

The SACOG 6th Cycle RHNA methodology uses the following process:

- Assumed expected housing growth according to the regional growth forecast accommodates a portion of the RHNA housing need for each jurisdiction
- Assign remaining RHNA need to jurisdictions proportionally based on their regional growth forecast housing proportions
- Apply Regional Income Parity adjustment: Jurisdictions with a lower proportion of lower income households receive a higher portion of lower income units; Jurisdictions with a higher proportion of lower income households receive a lower portion of lower income units.
- Apply an Affirmatively Further Fair Housing adjustment: Jurisdictions with a higher proportion of units in high opportunity areas receive a higher proportion of lower income units; Jurisdictions with a lower proportion of units in high opportunity areas receive a lower proportion of lower income units.
- Apply a Jobs/Housing Balance allocation method: Jurisdictions with a higher proportion of low-wage workers per affordable unit receive a higher proportion of lower income units; Jurisdictions with a lower proportion of low-wage workers per affordable unit receive a lower proportion of lower income units.
- Weighting and balancing the three adjustment factors to assure that one adjustment factor is not disproportionately affecting the housing assignment.

Association of Bay Area Governments (ABAG)

ABAG's 5th Cycle of RHNA determined a need for 187,900 units for the 8.5-year period of 2014 through 2022. For the current 6th Cycle, the determination of 441,176 housing units for the ABAG region has been proposed and adopted for the 8.5-year projection period of June 2021 through December 2030. ABAG's allocation increased by 135 percent between the 5th and 6th RHNA Cycle. Compared to the prior 5th Cycle, ABAG's large increase is primarily attributed to the projected economic growth that will attract more homeowners and renters into the area. This growth will additionally address the housing crisis in the Bay Area and promote more equity. ABAG housing units are distributed to ABAG's nine counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Solano, and Sonoma, along with its 101 cities and towns.

The ABAG approach applied two different methodologies for Very Low/Low units and Moderate/Above Moderate units. The methodology for low income units was more heavily weighted towards AFFH when allocating Very Low and Low Income units. The other methodology for Moderate and Above Moderate units was more heavily weighted on vehicle commutes (see below).

TWO-PART ABAG ALLOCATION	
Very Low & Low Income Allocation	**Moderate & Above Moderate Allocation**
70% AHOA (AFFH allocation method)	40% AHOA (AFFH allocation method)
15% Short Drive to Jobs (JPA)	60% Short Drive to Jobs (JPA)
15% Short Transit Ride to Jobs (JPT)	

Very Low and Low Income units were allocated with more emphasis on AFFH compliance. Moderate and Above Moderate populations were placed closer to job clusters to show consistency with the MTP where more mid-high income housing is structured around job centers, and higher income employees use less transit.

The ultimate split using this approach allocated the total RHNA as follows:
- 52% AFFH based (AHOA)
- 41% short drive to work (JPA)
- 7% short transit ride to work (JPT)

The ABAG 6th Cycle RHNA methodology uses the following process:

1. Comparable regions analysis was performed to calculate average overcrowing and cost-burden issues and make appropriate adjustments to housing need.
2. Housing growth proportions per jurisdiction according to the regional growth was used to assign RHNA housing need for each jurisdiction.
   a. 70% access to high job opportunity areas. Opportunity areas are determined using the HCD and the California Tax Credit Allocation Committee (TCAC) 2020 Opportunity maps. This approach assigns lower income housing to higher income more affluent areas and achieves state goals of affirmatively furthering fair housing.
   b. 15% short drive to work (within 30 minutes)
   c. 15% short transit ride to work (within 45 minutes)
3. The proportion of moderate and above moderate units was assigned based on two allocation methods.
   a. 40% access to high job opportunity areas. Opportunity areas are determined using the HCD and the California Tax Credit Allocation Committee (TCAC) 2020 Opportunity maps. This approach assigns lower income housing to higher income more affluent areas and achieves state goals of affirmatively furthering fair housing.
   b. 60% short drive to work (within 30 minutes)

Santa Barbara County Association of Governments

SBCAG's 5th Cycle of RHNA determined a need for 11,030 units for the 7.5-year period of 2008 through 2022. Santa Barbara County has only met 35 percent of the overall

housing need for its 5th Cycle, which ends in 2022. For the upcoming 6th Cycle, SBCAG has released a draft housing need determination of 29,297 units for the 8.6-year projection period of June 2021 through February 2030. SBCAG's allocation will potentially increase by 165 percent between the 5th and 6th RHNA Cycle, depending on the approval of the 6th Cycle draft. SBCAG's 5th Cycle was the lowest allocation received of any cycle. This was the result of a downward adjustment by the HCD due to the high vacancy rates during the recession. If approved, the 6th Cycle will be the highest allocation SBCAG has ever received.

The 6th Cycle RHNA methodology adopted by the SBCAG Board for its Regional Housing Needs Allocation Plan allocates regional housing need to local jurisdictions in four steps:

- Divide the RHNA allocation between the North County area and South Coast areas of Santa Barbara County.

- Apply a jobs-balance allocation method: using the SBCAG regional growth forecast as the base housing growth data, assign RHNA housing need to jurisdictions based on 60% of housing was weighted near existing jobs, and 40% near forecasted jobs.

- Assign adjustment factors to the housing unit assignments based on overcrowding and cost-burden allocation methods.

- Apply an income parity adjustment to better address housing income group disparities. This approach addressed the assignment of the four housing income-categories (very low, low, moderate, and above moderate) that each jurisdiction must plan for. Jurisdictions with a lower than average proportion of any income category of housing receive a higher portion of that category of housing. For example, jurisdictions with a lower proportion of lower income households receive a higher portion of lower income units.

Butte County Association of Governments

BCAG's 5th Cycle of RHNA determined a need for 2,974 units for the 7.5-year period of 2014 through 2022. For the current 6th cycle, the determination of 15,506 housing units for the BCAG region has been proposed and adopted for the 8.5-year projection period of 2021 through 2030. BCGA's allocation increased by 421 percent between the 5th and 6th RHNA cycle. Compared to the prior 5th cycle, BCAG's large increase is primarily attributed to the fire damage that this region has endured.

The unit allocation methodology applies five weighted allocation methods to distribute the regular growth allocation across BCAG's six-member jurisdictions. The fire rebuild allocation is separately assigned to the jurisdictions that lost units in the Camp Fire (the Town of Paradise and unincorporated Butte County) based on the total rebuild units assigned and each jurisdiction's proportionate loss of units in the fire.

The BCAG 6th Cycle RHNA methodology uses the following process:

- The methodology starts with assigning a base allocation, which is the product of the jurisdictions' forecasted share of regular growth in the 2018–2040 BCAG Growth Forecast

- BCAG used five allocation methods for their RHNA methodology: Transit Connectivity, Jobs, Wildfire Risk, Agriculture and Forest Land Preserves, and an opportunity score as the allocation methods to adjust the base allocation.

    a. Transit Connectivity – The higher the proportion of transit access a jurisdiction has, the more housing assigned to the jurisdiction.
    b. Jobs – The higher proportion of jobs in a jurisdiction, the more housing was assigned. BCAG used California Employment Development Department (EDD) and (2017) Longitudinal Employer-Household Dynamics (LEHD) OnTheMap estimates for this approach.
    c. Wildfire Risk – The lower the proportion of high-fire risk area, the more housing was assigned to an area. The Wildfire Risk allocation method uses 2020 CalFire measures of high- and very high-wildfire risk and geographic information system (GIS) analysis to determine what percentage of each jurisdiction's land is not at a high- or very-high risk of wildfire. The intent of this allocation method is to prioritize the construction of homes in jurisdictions with a lower risk of wildfire.
    d. Agriculture and Forest Land Preserves – The larger the proportion of forest and agricultural land preserves in a jurisdiction, the less housing was assigned.
    e. Opportunity – The lower the relative proportion of opportunity, the more housing was assigned. BCAG used both HCD/TCAC Opportunity Maps and Percent of Children Living Above the Poverty Level as an opportunity adjustment factor.

- Factor Normalization: BCAG then balanced the five adjustment factors to assure that one adjustment factor is not disproportionately affecting the housing assignment.

- Factor Weighting: BCAG then assigned weights to each allocation method. These weights establish what percentage of the total allocation will be distributed based on that factor.
    a. Combined TCAC/HCD Opportunity and Childhood Poverty Status allocation method: 10-percent weight
    b. Transit Connectivity: 10-percent weight
    c. Number of Jobs: 10-percent weight
    d. Wildfire Risk: 10-percent weight
    e. Agriculture and Forest Land Preserves: 10-percent weight
    f. Base Allocation: 50-percent weight

- Final distribution: The five normalized and weighted factor adjustments were used to distribute the RHNA to each jurisdiction.

San Diego Association of Governments (SANDAG)

SANDAG's 6th Cycle, the determination of 171,685 housing units for the SANDAG region has been proposed and adopted for the 8.8-year projection period of June 2020 through April 2029. SANDAG's allocation increased by only 6 percent between the 5th and 6th RHNA Cycle.

Using their regional growth forecast as base data, the SANDAG's RHNA Plan methodology allocates RHNA units based primarily on transit proximity, secondly based on jurisdictions with a higher proportion of jobs, and third it more equally disburses very low, low, moderate, and above moderate income units among jurisdictions to better balance the proportion of housing income types in various jurisdictions.

This approach is geared towards the urban framework of the SANDAG region and urban levels of transit and employment. As a result, this approach would not likely work for the AMBAG area as the region does not have urban levels of transit service and jobs.

The SANDAG 6th Cycle RHNA methodology uses the following process:

- Assign 65% of housing units to jurisdictions with access to transit, rail stations, rapid bus stations, and major transit stops with the following split:
    o 75% of units allocated to jurisdictions with rails stations and rapid bus stations
    o 25% of units allocated to jurisdictions with major transit stops

- Using base data from the regional growth forecast, assign the remaining 35% of housing units to jurisdictions based on the proportion of jobs in their jurisdiction

- Apply an equity adjustment to assign the proportion of the four housing income-categories (very low, low, moderate, above moderate) that each jurisdiction must plan for. Jurisdictions with a lower proportion of lower income households receive a higher portion of lower income units; Jurisdictions with a higher proportion of lower income households receive a lower portion of lower income units. This applies similarly to assigning the proportion of moderate and above moderate units. SANDAG used this measure to also meet AFFH requirements.

TCAC/HCD OPPORTUNITY MAP INDEX INDICATORS

Domain	Indicator	Measure	Data Source	Table
Economic	Poverty	Percent of population with income above 200% of federal poverty line	2014-2018 ACS	Table C17002
	Adult Education	Percent of adults with a bachelor's degree or above	2014-2018 ACS	Table B15003
	Employment	Percent of adults aged 20-64 who are employed in the civilian labor force or in the armed forces	2014-2018 ACS	Table B23004
	Job Proximity	Number of jobs filled by workers with less than a BA that fall within a given radius (determined by the typical commute distance of low-wage workers in each region) of each census tract population-weighted centroid	2017 LEHD LODES	Origin-Destination and Workplace Area Characteristics Tables

Domain	Indicator	Measure	Data Source	Table
	Median Home Value	Value of owner-occupied units	2014-2018 ACS	Table B25077
Environmental[5]	CalEnviroScreen 3.0 indicators	CalEnviroScreen 3.0 Pollution indicators (Exposures and Environmental Effect indicators) and processed values	CalEnviroScreen 3.0	Variables: Ozone, PM2.5, Diesel PM, Drinking Water, Pesticides, Tox. Release, Traffic, Cleanup Sites, Groundwater Threats, Hazardous Waste, Impaired Water Bodies, Solid Waste Sites
Education	Math proficiency	Percentage of 4th graders who meet or exceed math proficiency standards	2018-2019 California Department of Education (DOE)	
	Reading proficiency	Percentage of 4th graders who meet or exceed literacy standards	2018-2019 CA DOE	
	High school graduation rates	Percentage of high school cohort that graduated on time	2018-2019 CA DOE	
	Student poverty rate	Percent of students not receiving free or reduced-price lunch	2019-2020 CA DOE	
		Measure	**Data Source**	
Filter[6]	Poverty and Racial Segregation	Poverty: Tracts with at least 30% of the population falling under the federal poverty line Racial Segregation: Tracts with a racial Location Quotient of higher than 1.25 for	2014-2018 ACS Estimate 2010 Decennial Census	ACS Table B17020 Census Table SF1DP1
		Black, Hispanic, Asian, or all people of color in comparison to the county		