

REGIONAL HOUSING NEEDS ALLOCATION PROCESS

“There’s got to be a better way”

State Housing Requirements and Housing Elements - The State requires all local land use authorities to plan for enough housing to support projected growth in California. To that end, Article 10.6 of the California Government Code (Sections 65580-65590) requires each city and county to submit the Housing Element of its local General Plan to the State of California Housing and Community Development (HCD) department for certification. While planning to accommodate growth is a reasonable and laudable goal, the State’s current “top down” approach raises significant credibility and local control concerns with most cities and counties.

Regional Housing Needs Allocation Process - The process of setting targets for housing growth, a necessary precursor to updating Housing Elements, is called the Regional Housing Needs Allocation (RHNA). On a staggered basis, several California regions begin their seven-year housing planning cycle each year. HCD determines housing demand for the region after some consultation with the regional planning authority. The Council of Governments (COG) for each region must then distribute responsibility for planning for this housing demand among all of its constituent cities and counties. In the San Francisco Bay Area, this unenviable task falls to our COG, the Association of Bay Area Governments (ABAG). By law, the methodology the COG adopts to perform the local allocation must comport with State policy objectives in the Government Code and must be adopted through a fair and open public process.

Under a separate but related State mandate, every two years each region must forecast population, households and jobs for thirty years forward. This forecast is “supply based,” an educated best-guess of what will actually happen taking local and regional conditions into account. In our region this responsibility also falls to ABAG, and its most recent update is known as “ABAG Projections 2007.” To develop Projections 2007, ABAG used demographic and econometric modeling, reviewed local General Plans, and considered the pace at which State and regional land-use policies would influence development. Along the way, ABAG solicited feedback from local governments and other stakeholders. These supply-based projections are a very strong factor in setting local housing targets through RHNA, which is a demand-accommodation process.

Not surprisingly, even though ABAG involves its member jurisdictions in an open and participative process for developing the Projection 2007 base data as well as the RHNA allocation methodology, most cities and counties do not feel engaged in the process and are not comfortable with the housing allocations that result. The general reaction among municipal planners and elected officials is that the housing allocation shares are forced on them and do not take into consideration the unique aspects of each community. There are at least three components in this lack of credibility. First, some question the face validity of Projections 2007. They point to differing growth rates among communities they perceive as comparable, but cannot review the complex numerical derivation to check their perception of unfairness. Second, the factor-weighting allocation formula—so much weight for household growth plus so much weight for job growth—seems “coarse”

and “arbitrary,” because it is by definition a one-size-fits-all compromise. Third, since the “top down” housing demand requirements (of RHNA) exceed the “bottom up” projected housing supply projections (of Projections 2007) in almost all jurisdictions, and by at least 30% region wide, almost all allocations look “too big.” The almost unavoidable effect is that most cities and counties have no faith that the housing allocation is reasonable or recognizes their unique situation.

“We said ‘There’s got to be another way’,” says Rose Jacobs-Gibson, San Mateo County Supervisor, Vice-President of ABAG and member of the ABAG’s allocation appeals committee (that took some heat) during the previous RHNA cycle.

Subregional Delegation Option - In 2004, new Housing Element legislation added Government Code Section 65584.03 to explicitly state the policy objectives of the allocation exercise, to make the RHNA process more transparent, and to allow contiguous land use agencies to form a subregion to receive and allocate a collective housing target among themselves. The legislation specifies the method to be used to calculate the sub-region’s total share and delegates responsibility to the subregion to determine its own local allocation methodology. This allows the shares to be determined locally and recognizes the uniqueness of each community. If the subregion fails to perform the allocation as required, or if a member of the subregion withdraws from the subregional process, ABAG, our COG, will step in to exercise default responsibility.

San Mateo County Subregion Formed - The 21 jurisdictions in San Mateo County decided to pursue the subregional option. As each city council and the Board of Supervisors considered joining, the reasons most often cited were:

- Housing seen a countywide challenge
- Dissatisfaction with RHNA process—concession of local control
- History of cooperation—collegial structures in place, with good track record
- Subregional approach might enable infrastructure resource trading (e.g., water)
- Political leadership in all jurisdictions willing to take responsibility for accepting a local compromise for county-wide benefit—rather than blaming ABAG
- Greater flexibility

The jurisdictions in San Mateo County have a history of working together on issues such as stormwater pollution prevention, libraries, waste management, transportation, and even housing. Over time the City/County Association of Governments of San Mateo County (C/CAG), which began as our county’s mandated Congestion Management Agency, has become the forum of choice for multi-jurisdiction problem solving. C/CAG’s governing board is composed of an elected official from each city and the County. Having equal representation from all agencies has proven to be an effective approach to developing cooperative solutions in complex and controversial areas such as: (1) Ramp Metering on US 101, (2) US EPA award-winning Transit Oriented Development Incentive Program, (3) Congestion Management Countywide Deficiency Plan, and (4) Countywide Housing Needs Analysis. Thus C/CAG was a natural to host creation of a subregion in San Mateo County. With the facilitation of C/CAG and the

County Housing Department, all 20 cities and the County adopted resolutions forming the San Mateo County RHNA Subregion, which was recognized by ABAG on 9/22/07.

San Mateo County Subregional Organization - The following structure (shown in Figure 1) was established to facilitate the process to determine the housing shares.

RHNA Technical Advisory Committee (RHNA TAC) - 21 Members - One member from each city and the County. RHNA TAC is composed of senior staff technical experts in the field of housing and land use planning. Primary role is technical evaluation of issues and development of solutions.

City Managers Association - City Managers Association will receive monthly progress reports and will review each major work product of the RHNA TAC. Primary role of top management is practical assessment of the technical and political viability of recommended solutions.

RHNA Policy Advisory Committee (RHNA PAC) - 21 Members - One elected official from each city and the County. At each city's discretion, this may or may not be the city's representative on the C/CAG Board. Primary role is to provide initial policy input, then review and adopt the RHNA TAC recommendations, then act as advocates when the adopted policy goes to their respective jurisdiction for ratification.

City Councils/ Board of Supervisors - Primary role is the final review and approval prior to submitting to the Association of Bay Area Governments (ABAG).

Association of Bay Area Governments (ABAG) – Primary role is stewardship of the allocation process. Although ABAG's formal role is to supervise the subregion's accomplishment of statutory milestones, and to serve as safety net if the subregion fails, informally, ABAG staff has provided active technical support for the process.

San Mateo County Subregional Approach - The approach that will be followed (shown in Figure 2) consists of the following key steps:

Step	Milestone	Schedule	Accomplishment
1	Form Subregion	August 2006	All 21 jurisdictions joined—county and 20 cities
2	Agree on base data source for housing and jobs growth projections	December 2006	Selected Projections 2007, the same base data source used by ABAG.
3	Agree on a method to make Draft Allocation	March 2007	Selected a formula giving weights to various factors: household growth (45%), household growth near transit (5%), existing jobs (22.5%), job growth (22.5%), job growth near transit (5%). This happens to be same formula ABAG adopted for region.
4	Agree on Draft	April 2007	Once subregion received its total allocation in

	Allocation	through June 2007	May, and subregion agreed to any technical adjustments (mutually agreed error corrections in projections), the subregion applied the adopted allocation formula to the adopted projections to generate the Draft Allocation.
5	Develop / negotiate flexible housing opportunities (“trades”)	July 2007 through January 2008	While TAC and PAC may continue to work out a consensus allocation plan through end of January 2008, the deadline for any jurisdiction to file a formal appeal of the Draft Allocation is Aug. 31.
6	Subregion issues final shares proposal	September 2007 through February 2008	PAC adopts Final Allocation then circulates it to 21 jurisdictions for ratification. There are opportunities for public comment during PAC adoption and subsequent ratification.
7	Submit Final Allocation to ABAG	Nov. 2007 through March 2008	Following an appeal process that includes public hearings, subregion submits Final Allocation to ABAG
8	Submit Final Allocation to ABAG	June 2008	Following a public hearing process, ABAG submits Final Allocation

We attribute success to date—through Step 4—to the following key perspectives.

Keys to Success - The keys to success include the cities and the County:

- (1) Taking responsibility for the process and the resulting housing shares
- (2) Taking into consideration other communities’ interests as well as their own
- (3) Being willing to accept a reasonable housing share, not just the lowest
- (4) Being willing to consider negotiating trades
- (5) Recognizing that working together locally is better than abdicating the responsibility to the region

It certainly seems that there *may be* another way to determine housing allocations that can retain more local control for local governments that are willing to take responsibility for the inherent compromises and trade-offs. Time will tell whether the cities and the County in San Mateo County have found one.

For more information on the Regional Housing Needs Allocation Process, see <http://www.abag.ca.gov/planning/housingneeds/docs2.html> and <http://www.hcd.ca.gov/hpd/hrc/plan/> and http://www.hcd.ca.gov/hpd/hrc/plan/he/ocapa_he031307.pdf

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