



## **AMBAG EXECUTIVE/FINANCE COMMITTEE AGENDA**

**DATE:** September 8, 2021

**TIME:** 5:00 pm

**LOCATION:** Conference Call  
Dial-In Number: (605) 475-4700  
Access Code: 203466#

The AMBAG Executive/Finance Committee meeting will be conducted via Conference Call in light of Governor Newsom's State of Emergency declaration regarding the COVID-19 outbreak and in accordance with Executive Order N-29-20 and the shelter in place directive. The AMBAG Executive/Finance Committee members will participate in the meeting from individual remote locations. We apologize in advance for any technical difficulties.

Members of the public will need to attend the meeting remotely via Conference call.

Persons who wish to address the AMBAG Executive/Finance Committee on an item to be considered at this meeting are asked to submit comments in writing at [info@ambag.org](mailto:info@ambag.org) by 5:00 PM, Tuesday, September 7, 2021. The subject line should read "Public Comment for the September 8, 2021 Executive/Finance Committee Meeting". The agency clerk will read up to 3 minutes of any public comment submitted.

To participate via Conference Call, please use the conference call dial-in information provided.

If you have any questions, please contact Ana Flores, Senior Executive Assistant at [aflores@ambag.org](mailto:aflores@ambag.org) or at 831-883-3750.

- 
1. Call to Order
  2. Roll Call
  3. Public Comment (A maximum of three minutes on any subject not on the agenda)

**4. Consent Agenda**

**Recommended Action: APPROVE**

**Note:** Action listed for each item represents staff recommendation. The Executive/Finance Committee may, at its discretion, take any action on the items listed in the agenda.

**A. Draft Minutes of the August 11, 2021 Meeting**

Approve the draft minutes of the August 11, 2021 meeting. (Page 3)

**B. List of Warrants as of June 30, 2021**

Accept the list of warrants. (Page 5)

**C. Accounts Receivable as of June 30, 2021**

Accept the accounts receivable. (Page 7)

**5. Financial Update Report**

**Recommended Action: INFORMATION**

- Maura F. Twomey, Executive Director

Receive the financial update report which provides an update on AMBAG's current financial position and accompanying financial statements. (Page 9)

**6. 6<sup>th</sup> Cycle Regional Housing Needs Allocation Methodology**

**Recommended Action: INFORMATION**

- Heather Adamson, Director of Planning

Receive a report on the 6<sup>th</sup> Cycle Regional Housing Needs Allocation methodology. (Page 15)

**7. Other Items**

**8. Adjournment**

If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 USC Sec. 12132), and the federal rules and regulations adopted in implementation thereof. If you have a request for disability-related modification or accommodation, including auxiliary aids or services, contact Ana Flores, AMBAG, 831-883-3750, or email [aflores@ambag.org](mailto:aflores@ambag.org) at least 48 hours prior to the meeting date.

**DRAFT**  
**EXECUTIVE/FINANCE COMMITTEE MEETING**  
**MINUTES**

Conference Call

**August 11, 2021**

**1. Call to Order**

The meeting was called to order by President McShane at 5:00 p.m.

**2. Roll Call**

**Present:** Directors Freeman, Funk, McShane, Petersen, Smith, and Walker  
**Absent:** None  
**Others Present:** Maura Twomey, Executive Director & Heather Adamson, Director of Planning

**3. Public Comments**

There were no written or oral comments from the public.

**4. Consent Agenda**

The following items were enclosed: 1) the minutes of the June 9, 2021 meeting; 2) warrants as of May 31, 2021; and 3) accounts receivable as of May 31, 2021.

**Motion made by Director Freeman seconded by Director Petersen to approve the consent agenda. The motion passed unanimously.**

**5. Financial Update Report**

Maura Twomey, Executive Director, gave a report on AMBAG's current financial position. The accompanying financial statements were also discussed.

**6. 6<sup>th</sup> Cycle Regional Housing Needs Allocation Methodology**

Heather Adamson, Director of Planning gave a report on the 6<sup>th</sup> Cycle Regional Housing Needs Allocation methodology. Brief discussion followed.

**7. Other Items**

None.

**8. Adjournment**

The meeting adjourned at 5:13 p.m.

**DRAFT**  
**AMBAG EXECUTIVE/FINANCE COMMITTEE MEETING**  
**ATTENDANCE & VOTING RECORD**

MEETING DATE: August 11, 2021

<b>Attendance (Y= Present; AB= Absent) Voting (Y= Yes; N=No; A=Abstain)</b>			
<b>MEMBER</b>	<b>AMBAG REP</b>	<b>Attendance</b>	<b>Item# 4 Consent</b>
Capitola	Kristen Petersen	Y	Y
Gonzales	Scott Funk	Y	Y
Greenfield	Lance Walker	Y	Y
Monterey	Ed Smith	Y	Y
Salinas	Steve McShane	Y	Y
San Juan Bautista	John Freeman	Y	Y

Unaudited

**AMBAG  
Check Register  
June 2021**

Date	Check Number	Name	Description	Amount
06/10/2021	29515	AT&T (FAX Line)	Fax Line Billed in Advance From 6/02/21 - 7/01/21	126.26
06/10/2021	29516	BOD - Bea Gonzales	BOD Meeting 6/09/21	50.00
06/10/2021	29517	BOD - Bob Tiffany	BOD Meeting 6/09/21	50.00
06/10/2021	29518	BOD - Carla Strobbridge	BOD Meeting 6/09/21	50.00
06/10/2021	29519	BOD - Carlos Victoria	BOD Meeting 6/09/21	50.00
06/10/2021	29520	BOD - Ed Smith	BOD Meeting 6/09/21	50.00
06/10/2021	29521	BOD - Eduardo Montesino	BOD Meeting 6/09/21	50.00
06/10/2021	29522	BOD - Greg Caput	BOD Meeting 6/09/21	50.00
06/10/2021	29523	BOD - Jack Dilles	BOD Meeting 6/09/21	50.00
06/10/2021	29524	BOD - John Freeman	BOD Meeting 6/09/21	50.00
06/10/2021	29525	BOD - Jon Wizard	BOD Meeting 6/09/21	50.00
06/10/2021	29526	BOD - Justin Cummings	BOD Meeting 6/09/21	50.00
06/10/2021	29527	BOD - Karen Ferlito	BOD Meeting 6/09/21	50.00
06/10/2021	29528	BOD - Kristen Petersen	BOD Meeting 6/09/21	50.00
06/10/2021	29529	BOD - Lance Walker	BOD Meeting 6/09/21	50.00
06/10/2021	29530	BOD - Manu Koenig	BOD Meeting 6/09/21	50.00
06/10/2021	29531	BOD - Mary Adams	BOD Meeting 6/09/21	50.00
06/10/2021	29532	BOD - Mary Ann Carbone	BOD Meeting 6/09/21	50.00
06/10/2021	29533	BOD - Rick Perez	BOD Meeting 6/09/21	50.00
06/10/2021	29534	BOD - Scott Funk	BOD Meeting 6/09/21	50.00
06/10/2021	29535	BOD - Steve McShane	BOD Meeting 6/09/21	50.00
06/10/2021	29536	Caltronics Business Systems, Inc	Copier Usage Bill for 4/22/21 - 5/21/21	174.07
06/10/2021	29537	Iron Mountain, Inc.	Offsite Document Storage for May 2021	102.38
06/10/2021	29538	Monterey Computer Corporation, Inc.	IT Support Services for June 2021	1,250.00
06/10/2021	29539	Pitney Bowes Inc. - Machine Rental	Lease Postage Meter from June 30, 2021 - September 29, 2021	314.69
06/10/2021	29540	Planeteria Media	Website Development and Maintenance - May 2021	400.00
06/10/2021	29541	Santa Cruz Sentinel(MediaNews Group, Inc.	Public Notice - 2045 MTP/SCS Workshops 5/3/21	128.00
06/10/2021	29542	The Herald (MediaNews Group, Inc)(Ads)	Public Notice - 2045 MTP/SCS Workshops 5/3/21	171.19
06/10/2021	29543	VISA Mechanics Bank - 3667	Storage	354.00
06/10/2021	29544	Visa Mechanics Bank - 4089	Office Equipment	247.82
06/10/2021	EFT	Verizon Wireless, Inc	Broadband Account for Broadband Devices and iPads New Plan	234.70
06/15/2021	EFT	Pachex, Inc.	Net Payoll and Related Expenses for Period Ending 6/15/21	106,567.81
06/17/2021	29546	Hanlees Davis Nissan	Purchase of 2021 Nissan Leaf Electric Vehicle	34,999.00
06/22/2021	29547	AT&T (Silver Cloud VoIP 2019)	Monthly Charges for VoIP Lines (Main Line, Staff Lines) and Fiber MIS - 06/11/21 - 07/10/21	542.50
06/22/2021	29548	Bay Mobile Services	Wash AMBAG Prius Onsite - June 2021	40.00
06/22/2021	29549	Heather Adamson	Reimbursement for Expenses for June 2021	46.82
06/22/2021	29550	New SV Media, Inc.	942 HOL Public Notice - Title VI Draft Plan June 2021 6/11/21	87.50
06/22/2021	29551	Population Reference Bureau (PRB)	For Forecast Related Services Completed in April 2021	2,398.03
06/22/2021	29552	Rincon Consultants, Inc.	2045 MTP/SCS/RTP - EIR Services for Period 4/1/21 - 4/30/21	11,925.00
06/22/2021	29553	The Sohagi Law Group	Legal Services 2045 MTP/SCS through 5/31/21	1,650.00
06/30/2021	EFT	Pachex, Inc.	Net Payoll and Related Expenses for Period Ending 6/30/21	77,652.76
<b>Total</b>				<b><u>\$ 240,412.53</u></b>

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**AMBAG**  
**A/R Aging Detail**  
 As of June 30, 2021

Date	Num	Name	Memo	Due Date	Aging	Open Balance	Paid
05/31/2021	4122	SJVCEO - CCEW (WE 332)	ALL AMBAG	06/30/2021		3,300.00	PAID
05/31/2021	4148	Caltrans, DS	Rincon \$2,350.00, The Sohagi Law Group \$1,650.00	06/30/2021		180,907.52	PAID
06/30/2021	4124	CA Department of Housing (HCD)	ALL AMBAG	06/30/2021		3,546.44	PAID
06/30/2021	4125	CA Department of Housing (HCD)	ALL AMBAG	06/30/2021		18,039.00	PAID
06/30/2021	4152	San Benito Council of Governments	ALL AMBAG	06/30/2021		2,356.24	
06/30/2021	4156	RAPS A/R	ALL AMBAG	06/30/2021		7,824.10	PAID
06/30/2021	4157	RAPS A/R	ALL AMBAG	06/30/2021		2,127.36	PAID
06/30/2021	4158	RAPS A/R	ALL AMBAG	06/30/2021		1,325.56	PAID
06/30/2021	4149	GHG Inventories (WE 331):Central Coast Community Energy (3CE)	ALL AMBAG	07/30/2021		37,200.00	PAID
06/30/2021	4153	SJVCEO - CCEW (WE 332)	ALL AMBAG	07/30/2021		3,300.00	
06/30/2021	4154	Caltrans, DS	Caliper \$4,637.50, Rincon \$11,343.21	07/30/2021		193,707.73	
05/31/2021	4150	RAPS A/R	ALL AMBAG	05/31/2021	30	9,078.87	PAID
05/31/2021	4151	RAPS A/R	ALL AMBAG	05/31/2021	30	4,441.99	PAID
05/26/2021	4121	GHG Inventories (WE 331):Central Coast Community Energy (3CE)	ALL AMBAG	06/25/2021	5	12,600.00	PAID
04/30/2021	4118	SJVCEO - CCEW (WE 332)	ALL AMBAG	05/30/2021	31	4,220.00	PAID
			Total AMBAG Receivables			<u>\$ 483,974.81</u>	

PAID Reflects payments received subsequent to June 30, 2021.

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**MEMORANDUM**

**TO:** AMBAG Executive/Finance Committee

**FROM:** Maura F. Twomey, Executive Director

**RECOMMENDED BY:** Errol Osteraa, Director of Finance and Administration

**SUBJECT:** Financial Update Report

**MEETING DATE:** September 8, 2021

**RECOMMENDATION:**

Staff recommends that the Board of Directors receive the Financial Update Report.

**BACKGROUND/ DISCUSSION:**

The enclosed financial reports are for the 2020-2021 Fiscal Year (FY) and are presented as a consent item. The attached reports contain the cumulative effect of operations through June 30, 2021 as well as a budget-to-actual comparison. Amounts in the Financial Update Report are unaudited.

**FINANCIAL IMPACT:**

The Balance Sheet for June 30, 2021 reflects a cash balance of \$4,140,366.44. The accounts receivable balance is \$483,974.81, while the current liabilities balance is \$484,424.56. AMBAG has sufficient current assets on hand to pay all known current obligations.

Due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 in FY 2014-2015 and a restatement to Net Position for GASB Statement No. 82, AMBAG has a deficit Net Position in the amount of \$154,683.91. Although AMBAG's Balance Sheet as of June 30, 2021 reflects a deficit Net Position, AMBAG's Profit and Loss Statement reflects an excess of revenue over expense of \$46,302.67.

The following table highlights key Budget to Actual financial data:

**Budget to Actual Financial Highlights**  
**For Period July 1, 2020 through June 30, 2021**

<b>Expenditures</b>	<b>Budget Through June 2021</b>	<b>Actual Through June 2021</b>	<b>Difference</b>
Salaries & Fringe Benefits	\$ 2,749,506.00	\$ 2,202,176.22	\$ 547,329.78
Professional Services	\$ 7,951,745.00	\$ 1,042,624.99	\$ 6,909,120.01
Lease/Rentals	\$ 91,000.00	\$ 80,042.54	\$ 10,957.46
Communications	\$ 24,800.00	\$ 19,277.62	\$ 5,522.38
Supplies	\$ 123,400.00	\$ 15,751.85	\$ 107,648.15
Printing	\$ 11,550.00	\$ 871.65	\$ 10,678.35
Travel	\$ 75,500.00	\$ 502.79	\$ 74,997.21
Other Charges	\$ 345,572.00	\$ 314,268.06	\$ 31,303.94
<b>Total</b>	<b>\$ 11,373,073.00</b>	<b>\$ 3,675,515.72</b>	<b>\$ 7,697,557.28</b>
<b>Revenue</b>			
Federal/State/Local Revenue	\$ 11,397,751.00	\$ 3,721,818.39	\$ 7,675,932.61
Note: AMBAG is projecting a surplus, therefore budgeted revenues do not equal expenses.			

**Revenues/Expenses (Budget to Actual Comparison):**

The budget reflects a linear programming of funds while actual work is contingent on various factors. Therefore, during the fiscal year there will be fluctuations from budget-to-actual.

Professional Services are under budget primarily due to the timing of work on projects performed by contractors. Work is progressing on the 2045 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS). This work is not performed in a linear fashion while the budget reflects linear programming. In addition, the Regional Early Action Planning Housing Program (REAP) provides \$7,931,311 in funding of which a large portion will pass through to partner agencies. It is in its early stages.

Since AMBAG funding is primarily on a reimbursement basis, any deviation in expenditure also results in a corresponding deviation in revenue. Budget-to-actual revenue and expenditures are monitored regularly to analyze fiscal operations and propose amendments to the budget if needed.

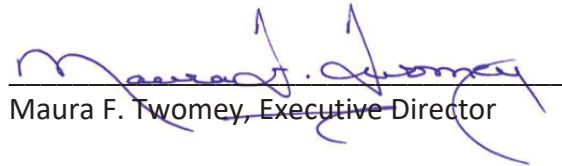
**COORDINATION:**

N/A

**ATTACHMENTS:**

1. Balance Sheet as of June 30, 2021
2. Profit and Loss: July 1, 2020 – June 30, 2021

**APPROVED BY:**



Maura F. Twomey, Executive Director

**AMBAG**  
**Balance Sheet - Attachment 1**  
As of June 30, 2021

	<u>June 30, 2021</u>		<u>June 30, 2021</u>
<b>Assets</b>		<b>Liabilities &amp; Net Position</b>	
<b>Current Assets</b>		<b>Liabilities</b>	
<b>Cash and Cash Equivalents</b>		<b>Current Liabilities</b>	
Mechanics Bank - Special Reserve	300,562.83	Accounts Payable	350,500.41
Mechanics Bank - Checking	392,996.59	Employee Benefits	133,924.15
Mechanics Bank - REAP Checking	3,442,624.29	Mechanics Bank - Line of Credit	0.00
Petty Cash	500.00	<b>Total Current Liabilities</b>	<u>484,424.56</u>
LAIF Account	3,682.73		
<b>Total Cash and Cash Equivalents</b>	<u>4,140,366.44</u>	<b>Long-Term Liabilities</b>	
<b>Accounts Receivable</b>		Deferred Inflows - Actuarial	258,986.95
Accounts Receivable	483,974.81	Net Pension Liability (GASB 68)	1,888,153.69
<b>Total Accounts Receivable</b>	<u>483,974.81</u>	OPEB Liability	0.00
		Deferred Revenue	3,179,115.06
<b>Other Current Assets</b>		<b>Total Long-Term Liabilities</b>	<u>5,326,255.70</u>
Due from PRWFPA/RAPS	45.76		
Prepaid Items	0.00	<b>Total Liabilities</b>	<u>5,810,680.26</u>
<b>Total Other Current Assets</b>	<u>45.76</u>		
<b>Total Current Assets</b>	<u>4,624,387.01</u>		
		<b>Net Position</b>	
<b>Long-Term Assets</b>		Beginning Net Position	(200,986.58)
Net OPEB Asset	96,473.00	Net Income/(Loss)	46,302.67
FY 2002-2003 Housing Mandate Receivable	82,186.00	<b>Total Ending Net Position</b>	<u>(154,683.91)</u>
Allowance for Doubtful Accounts	(16,437.20)		
Deferred Outflows - Actuarial	533,833.49	<b>Total Liabilities &amp; Net Position</b>	<u>5,655,996.35</u>
Deferred Outflows - PERS Contribution	272,963.59		
<b>Total Long-Term Assets</b>	<u>969,018.88</u>		
<b>Capital Assets</b>			
Capital Assets	231,515.49		
Accumulated Depreciation	(168,925.03)		
<b>Total Capital Assets</b>	<u>62,590.46</u>		
<b>Total Assets</b>	<u>5,655,996.35</u>		

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**AMBAG**  
**Profit & Loss - Attachment 2**  
July - June 2021

	<u>July - June 2021</u>
<b>Income</b>	
<b>AMBAG Revenue</b>	174,524.03
<b>Cash Contributions</b>	313,447.34
<b>Grant Revenue</b>	3,032,279.84
<b>Non-Federal Local Match</b>	201,567.18
<b>Total Income</b>	<u>3,721,818.39</u>
<b>Expense</b>	
<b>Salaries</b>	1,456,897.24
<b>Fringe Benefits</b>	745,278.98
<b>Professional Services</b>	1,042,624.99
<b>Lease/Rentals</b>	80,042.54
<b>Communications</b>	19,277.62
<b>Supplies</b>	15,751.85
<b>Printing</b>	871.65
<b>Travel</b>	502.79
<b>Other Charges:</b>	
BOD Allowances	10,300.00
BOD Refreshments/Travel/Nameplates/Dinner/Other	24.76
Workshops/Training	4,650.24
GIS Licensing/CCJDC Support	10,247.28
Energy Watch Travel/Classes/Events/Recruitment/Other	142.50
REAP Travel/Classes/Events	525.00
SB1/MTIP/MTP/SCS/OWP/Public Participation Expenses	16,549.52
Recruiting	159.90
Dues & Subscriptions	22,887.78
Depreciation Expense	11,163.00
Maintenance/Utilities	1,019.08
Insurance	34,026.43
Interest/Fees/Tax Expense	1,005.39
<b>Total Other Charges</b>	<u>112,700.88</u>
<b>Non-Federal Local Match</b>	<u>201,567.18</u>
<b>Total Expense</b>	<u>3,675,515.72</u>
<b>Net Income/(Loss)</b>	<u><u>46,302.67</u></u>

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**MEMORANDUM**

**TO:** AMBAG Executive/Finance Committee

**FROM:** Maura F. Twomey, Executive Director

**RECOMMENDED BY:** Heather Adamson, Director of Planning

**SUBJECT:** 6<sup>th</sup> Cycle Regional Housing Needs Allocation Methodology

**MEETING DATE:** September 8, 2021

**RECOMMENDATION:**

This is an informational item only.

**BACKGROUND/ DISCUSSION:**

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 13 housing-related factors and five statutory objectives. The Council of San Benito County Governments performs this same function for San Benito County.

AMBAG is 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 6<sup>th</sup> Cycle RHNA. The 6<sup>th</sup> 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 found 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% for rental housing;
- 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.

As this cycle of RHNA has changed significantly from previous rounds, this item does not include a summary of AMBAG's 5<sup>th</sup> Cycle RHNA Plan. For information on AMBAG's previous 5<sup>th</sup> Cycle 2014-2023 RHNA plan, see this [link](#).

RHNA is a projection of additional housing units needed to accommodate projected household growth of all income levels from the start until the end date of the projection period. RHNA is not a prediction of building permits, construction, or housing activity, nor is it limited due to existing land use capacity or growth. A community is not obligated to provide housing to all in need. RHNA is a distribution of housing development capacity that each city and county must zone for in a planning period and is not a construction need allocation.

### **RHNA Process and Schedule**

As part of the RHNA process, State law (Government Code 65584 et seq.) requires AMBAG to determine each local jurisdiction's share of the region's future housing need. The RHNA produces regional, subregional and local targets for the amount and type of housing needed over the planning period. In spring 2021, AMBAG began consulting with the California Department of Housing and Community Development (HCD) and the Department of Finance (DOF) regarding the total regional housing need. AMBAG received its 6<sup>th</sup> Cycle regional housing need determination (RHND) from HCD in late August 2021. HCD is responsible for determining the regional housing needs total, segmented by income levels, for each of the state's COGs.

Once HCD has provided AMBAG its two-county total housing determination, AMBAG is responsible for developing a methodology to allocate the housing need amongst all of the jurisdictions within the COG region. Throughout this process, the Planning Directors Forum (PDF) representatives from member jurisdictions in Monterey and Santa Cruz Counties serves as a technical working group to assist in the development of the 2023-2031 RHNA methodology and plan, similar to what was established for the 2014-2023 RHNA Plan.

Following adoption of the RHNA plan and approval of that plan by HCD, the local jurisdictions must update their housing elements as necessary to accommodate the regional housing allocations by assuring that adequate sites and zoning capacity are available to accommodate at least the number of units allocated. The housing elements



are reviewed for approval by HCD. In some cases, funding from state/federal housing programs can only be accessed if the jurisdiction has a compliant housing element. Other fiscal penalties can be applied by the state for having a non-compliant housing element.

Additional detail on the proposed RHNA schedule is listed in Figure 1 below. These dates are based on the MTP/SCS adoption date, and statutory requirements and deadlines provided by HCD.

**Figure 1: Revised RHNA Schedule**

<b>TARGET SCHEDULE</b>	<b>TASK</b>
<b>Spring - Fall 2021</b>	Discussions with Planning Directors Forum on potential RHNA methodology options and factors
<b>Summer – Fall 2021</b>	Potential RHNA methodology options discussed by AMBAG Board
<b>September 8, 2021</b>	HCD presents at AMBAG Board Meeting
<b>November 2021</b>	Selection of preferred RHNA methodology by AMBAG Board
<b>November 2021 - January 2022</b>	HCD Reviews Draft Methodology
<b>January/February 2022</b>	Approval of final RHNA methodology by AMBAG Board
<b>January/February 2022</b>	Release draft RHNA plan with RHNA allocations by jurisdiction
<b>February/March 2022</b>	Local jurisdictions may appeal RHNA allocation within 45 days of release of the draft RHNA plan/allocations
<b>April/May 2022</b>	Local jurisdictions and HCD may comment on appeals within 45 days of the close of the appeal period (if needed)
<b>May 2022</b>	AMBAG to hold public hearing on appeals (if needed)
<b>May 2022</b>	AMBAG releases final 2045 MTP/SCS accommodating RHNA
<b>June 2022</b>	Adoption of Final 2023-31 RHNA Plan with RHNA allocations by AMBAG Board
<b>December 2023</b>	Jurisdiction’s 6th Cycle Housing Elements are due to HCD

### **Statutory Objectives and Factors for RHNA Methodology**

State statute requires AMBAG to consider or further a series of five objectives and 13 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 must make a determination on 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, there are 13 RHNA factors that AMBAG must 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. A summary of the factors is listed below. State statute references and definitions are provided in Attachment 1.

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. The housing needs of individuals and families experiencing homelessness
11. Loss of units during an emergency
12. SB 375 Greenhouse Gas Reduction Targets
13. Other factors adopted by Council of Governments (COGs)

### **RHNA Methodology Options**

For the past few months, AMBAG has been working with the PDF on reviewing potential options for developing a RHNA methodology. Staff also presented methodologies used by other COGs during the 6th Cycle. A summary of those options can be found in Attachment 2. This information was presented to the AMBAG Board at its meeting on August 11, 2021.

## **RHNA Methodology Priority Factors and Data Sources**

While all the factors are considered while developing RHNA, in order to develop a streamlined RHNA methodology, most COGs focus on a few priority factors. Based on recent discussions with the PDF on various RHNA methodology approaches and input from the Board at its August 11, 2021 meeting priority factors were identified:

- Regional Growth Forecast
- Employment
- Transit
- Resiliency (wildfire and sea level rise)
- Affirmatively Furthering Fair Housing (AFFH)

AMBAG staff discussed RHNA methodology options, priority factors, as well as potential data sources with the PDF at its August 23, 2021 meeting.

### *Regional Growth Forecast*

The RGF is the initial allocation step in the RHNA allocation. 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 is normally applied as a base RHNA allocation to each jurisdiction. Since the RHND is higher than the RGF due to statutory adjustments upwards by HCD to account for more ideal housing conditions, the remainder of RHNA units will be allocated to each jurisdiction based on the preferred allocation methodology factors chosen in the region.

- Data Source: housing growth from the 2025-2035 period from the 2022 RGF (which was accepted for planning purposes by AMBAG Board in November 2020)

### *Employment*

Allocating RHNA by employment encourages jurisdictions to build additional housing near employment centers, helping to resolve jobs/housing imbalances. Improving jobs/housing balance is also a key statutory RHNA allocation requirement. Locating more planned housing near employment centers results in a number of benefits including reducing congestion, reducing vehicle miles traveled (VMT), encouraging more active transportation, and reducing greenhouse gas emission.

- Data source: 2020 total jobs from the 2022 RGF

### *Transit*

Transit is normally incorporated into RHNA by identifying the proportion of major transit stops in a jurisdiction with 15 minute headways or 30 minute headways. For this analysis,

major transit stops would be locations containing an existing rail transit station or the intersection of two or more major bus routes with a frequency of service interval of 15-30 minutes or less during the morning and afternoon peak commute periods.

- Data source: existing 2020 transit with 15-30 minute headways from the transit operators

#### *Resiliency (wildfire and sea level rise)*

With recent catastrophic fires threatening homes throughout the state, wildfire risk is becoming more of a concern for many jurisdictions. Both the PDF and AMBAG Board expressed interest in considering a wildfire risk RHNA allocation factor to recognize that these areas are high risk locations for housing. This allocation factor would reduce a jurisdiction's unit allocation based on the percent of the jurisdiction's acreage in a risk area.

The most recent Fire Hazard Severity Zones Maps from the Office of the State Fire Marshal are more than a decade old (2007-2008) and may not account for recent changes to fire frequency and severity. The California Public Utilities Commission (CPUC) also produces "fire threat" maps called the CPUC Fire-Threat maps. These maps identify fire threats as Elevated (Tier 2) or Extreme (Tier 3) and were originally created in 2017 and more recently updated. The maps can be viewed at: <https://ia.cpuc.ca.gov/firemap/>.

- Data source (wildfire) – use both CALFIRE and California Public Utilities (CPUC) data

Both the AMBAG Board and the PDF indicated that sea level rise may be an allocation factor of interest. Conceptually, this factor would reduce housing allocation by sea level rise impact. AMBAG staff could not identify any precedent or guidance for using sea level rise in the RHNA allocation methodologies of other COGs. A review of available data found that some AMBAG jurisdictions produced detailed projections of future sea level rise, while some have no officially accepted data available. Staff will continue to explore potential data sources for sea level rise for use in the RHNA methodology.

- Data source (sea level rise) – staff is still exploring potential data sources for this factor

#### *Affirmatively Furthering Fair Housing (AFFH)*

The AFFH allocation factor shifts the proportion of low income category housing each jurisdiction receives according to each jurisdiction's opportunity levels. The purpose of the AFFH factor is to allocate lower income households to jurisdictions to avoid further concentrating racial and ethnic segregation and concentrations of poverty, providing

these households with improved access to opportunities such as better employment, better schools, and access to areas of lower crime. The AFFH allocation approach does not increase or decrease the number of housing units a jurisdiction is assigned.

The HCD/California Tax Credit Allocation Committee (TCAC) Opportunity Map Index (Attachment 3) is the key data set used to meet the AFFH requirement since it is the data set HCD uses to judge compliance with statutory AFFH RHNA methodology requirements. While one data challenge with the HCD/TCAC data is that it identifies some opportunity areas in remote low-population rural sub-zones, AMBAG staff can generate averages for these scores to normalize the data within jurisdictions.

- Data source: HCD/TCAC Opportunity Areas

At the August 23, 2021 PDF meeting, the Planning Directors expressed support for RHNA allocation methodology options shown in Table 1. They also agreed that the suggested data sources for the priority factors were reasonable.

**Table 1: Potential AMBAG RHNA Allocation Methodology Options for Discussion\***

	<b>RHNA Methodology Option A</b>	<b>RHNA Methodology Option B</b>
Regional Growth Forecast	Base allocation	Base allocation
Employment	High (85%)	High (85%)
Transit	Low (10%)	Low (5%)
Resiliency (Wildfire & SLR)	Low (5%)	Low (10%)
AFFH**	High	Medium

\* Base RHNA allocation is derived from RGF housing growth with remaining RHND allocated by RHNA methodology.

\*\*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.

The AMBAG Board of Directors is asked to provide feedback on RHNA methodology options.

## **Next Steps**

AMBAG will continue to work with the PDF on RHNA methodology development and evaluation. Staff will share Board comments and direction on RHNA methodology options at its next meeting scheduled for September 20, 2021. Staff will return to the Board with more information on RHNA methodology options for discussion and direction. The Board will be asked to select a RHNA methodology in November 2021 to submit to HCD for review.

## **ALTERNATIVES:**

N/A

## **FINANCIAL IMPACT:**

Planning activities for RHNA are funded with REAP and SB 1 planning funds and are programmed in the FY 2021-22 Overall Work Program and Budget.

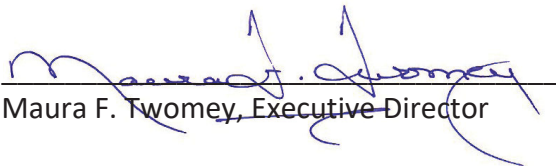
## **COORDINATION:**

All RHNA planning activities are coordinated with the HCD, SBtCOG, and the Planning Directors Forum which includes all the local jurisdictions.

## **ATTACHMENTS:**

1. Regional Housing Needs Allocation Objectives and Factors
2. 6<sup>th</sup> Cycle RHNA Methodologies Used by Other Councils of Governments
3. HCD/TCAC Opportunity Map Index Indicators

## **APPROVED BY:**



Maura F. Twomey, Executive Director

## **ATTACHMENT 1**

### **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.

#### **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 area 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. Individuals and families experiencing homelessness**

*Factor undefined. - §65584.04(e)*

**11. 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)*

**12. 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)*

**13. 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)*

## **ATTACHMENT 2**

### **6<sup>th</sup> Cycle RHNA Methodologies Used by Other Councils of Governments**

#### Introduction

To inform AMBAG's methodology, AMBAG staff has reviewed 6<sup>th</sup> 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 5<sup>th</sup> Cycle of RHNA determined a need for 412,137 units for the 6.8-year period of 2014 through 2021. For the current 6<sup>th</sup> 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. SCAG's allocation increased by 225 percent between the 5<sup>th</sup> and 6<sup>th</sup> RHNA cycle. Compared to the prior 5<sup>th</sup> Cycle, SCAG's large increase is primarily attributed to the growth that the region has projected for 2020-2030.

The SCAG 6<sup>th</sup> 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 accessibility 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 jurisdictions 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 6<sup>th</sup> 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 6<sup>th</sup> 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 5<sup>th</sup> and 6<sup>th</sup> RHNA Cycle. Compared to the prior 5<sup>th</sup> 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).

<b>TWO-PART ABAG ALLOCATION</b>	
<b>Very Low &amp; Low Income Allocation</b>	<b>Moderate &amp; Above Moderate Allocation</b>
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 6<sup>th</sup> Cycle RHNA methodology uses the following process:

1. Comparable regions analysis was performed to calculate average overcrowding 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 5<sup>th</sup> 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 5<sup>th</sup> Cycle, which ends in 2022. For the upcoming 6<sup>th</sup> 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 5<sup>th</sup> and 6<sup>th</sup> RHNA Cycle, depending on the approval of the 6<sup>th</sup> Cycle draft. SBCAG's 5<sup>th</sup> 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 6<sup>th</sup> Cycle will be the highest allocation SBCAG has ever received.

The 6<sup>th</sup> 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 5<sup>th</sup> Cycle of RHNA determined a need for 2,974 units for the 7.5-year period of 2014 through 2022. For the current 6<sup>th</sup> 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 5<sup>th</sup> and 6<sup>th</sup> RHNA cycle. Compared to the prior 5<sup>th</sup> 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 6<sup>th</sup> 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 6<sup>th</sup> 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 5<sup>th</sup> and 6<sup>th</sup> 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 6<sup>th</sup> 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:
  - 75% of units allocated to jurisdictions with rails stations and rapid bus stations
  - 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.

**Figure 1: Comparison of RHNA Methodology Factors by COG**

<b>Factor</b>	<b>SCAG</b>	<b>SACOG</b>	<b>ABAG</b>	<b>SBCAG</b>	<b>BCAG</b>	<b>SANDAG</b>
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	

### Attachment 3

### HCD/TCAC OPPORTUNITY MAP INDEX INDICATORS

Domain	Indicator	Measure	Data Source	Table
Economic	<b>Poverty</b>	Percent of population with income above 200% of federal poverty line	2014-2018 ACS	Table C17002
	<b>Adult Education</b>	Percent of adults with a bachelor's degree or above	2014-2018 ACS	Table B15003
	<b>Employment</b>	Percent of adults aged 20-64 who are employed in the civilian labor force or in the armed forces	2014-2018 ACS	Table B23004
	<b>Job Proximity</b>	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
	<b>Median Home Value</b>	Value of owner-occupied units	2014-2018 ACS	Table B25077
Environmental <sup>5</sup>	<b>CalEnviroScreen 3.0 indicators</b>	CalEnviroScreen 3.0 Pollution indicators (Exposures and Environmental Effect indicators) and processed values	CalEnviroScreen3.0	Variables: Ozone, PM2.5, Diesel PM, Drinking Water, Pesticides, Tox. Release, Traffic, Cleanup Sites, Groundwater Threats, Hazardous Waste, Impaired Water Bodies, Solid Waste Sites

<b>Education</b>	<b>Math proficiency</b>	Percentage of 4 <sup>th</sup> graders who meet or exceed math proficiency standards	2018-2019 California Department of Education (DOE)	
	<b>Reading proficiency</b>	Percentage of 4 <sup>th</sup> graders who meet or exceed literacy standards	2018-2019 CA DOE	
	<b>High school graduation rates</b>	Percentage of high school cohort that graduated on time	2018-2019 CA DOE	
	<b>Student poverty rate</b>	Percent of students not receiving free or reduced-price lunch	2019-2020 CA DOE	
		<b>Measure</b>	<b>Data Source</b>	
<b>Filter</b> <sup>6</sup>	<b>Poverty and Racial Segregation</b>	<p>Poverty: Tracts with at least 30% of the population falling under the federal poverty line</p> <p>Racial Segregation: Tracts with a racial Location Quotient of higher than 1.25 for Black, Hispanic, Asian, or all people of color in comparison to the county</p>	<p>2014-2018 ACS Estimate</p> <p>2010 Decennial Census</p>	<p>ACS Table B17020</p> <p>Census Table SF1DP1</p>