

**CITY OF ALBANY
PLANNING AND ZONING COMMISSION
STAFF REPORT**

Agenda Date: 7/24/12

SUBJECT: Review of Association of Bay Area Government's Regional Housing Needs Allocation

FROM: Jeff Bond, Community Development Director
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RECOMMENDATION

For information and discussion.

BACKGROUND ON STATE HOUSING POLICY

In 1990, the California Supreme Court held that the General Plan was the constitution for all future development. The General Plan has seven (7) mandatory elements which include land use, circulation, and most importantly in this circumstance, the housing element. The Housing Element was created to assess existing and projected housing needs in a city, and make sure there is an inventory of land adequate to satisfy the needs of housing at all income levels. Attached is "A Place to Call Home," which is a summary report on the Bay Area housing policy process prepared by ABAG (Attachment 1).

The City of Albany's current Housing Element was approved in 1992 as part of the comprehensive update to the City's General Plan. Since that time, draft updates have been prepared by the City and reviewed by the State Department of Housing and Community Development (HCD). The recent updates, however, have not been formally adopted by the City nor approved by HCD.

Statewide Climate Policies (AB 32/SB 375)

SB 375 was signed into law on January 1, 2009 and requires the California Air Resources Board (CARB) to develop regional reduction targets for greenhouse gas emissions by lowering the number of vehicular trips and reducing urban sprawl. SB 375 has four main elements:

1. In 2010, California Air Resources Board (CARB) set regional greenhouse gas emission reduction targets for the car and light truck sector for the years 2020 and 2035.

2. The existing regional transportation planning process established under state and federal law is modified to require consistency with the regional strategies to meet CARB targets.
3. A variety of new CEQA streamlining opportunities are created for residential and mixed-use projects that are consistent with the regional plan. These provisions are intended to favor those projects most likely to reduce greenhouse gas emissions from continued sprawl development and therefore incentivize developers and cities to build them.
4. An unprecedented process of coordinated planning between three distinct and difficult policy objectives: regional housing needs allocation (RHNA), transportation infrastructure improvements, and greenhouse gas emissions under the CARB.

In order to effectively reduce greenhouse gases, SB 375 juxtaposes land use planning, housing development, transportation planning and funding. It adds the Sustainable Communities Strategy (SCS) element to the regional transportation plans which aims to reduce emissions by creating transportation plans that reduce vehicle miles traveled. It includes data analysis, maps and charts, goals and policies, implementation program, etc. SCS's address air quality, transportation, complete streets, biking, walking, land use, etc.

THE PROCESS OF CALCULATING THE RHNA

The Association of Bay Area Governments, along with the Housing Methodology Committee and Metropolitan Transportation Committee, have been working together to develop specific methodology for the Regional Housing Need Allocation (RHNA) to Bay Area cities. The RHNA, which is based on the Housing Law (Chapter 1143, Statutes of 1980: AB 2853), is a plan for housing need for people of all income levels. The RHNA is a state mandated process to determine how many units, including affordable units, each city must plan.

The past two periods (1999-2006 and 2007-2014) for RHNA totals have been seven (7) year periods, but the current RHNA of 2014-2022 is an eight (8) year period to match up with the timing for greenhouse gas emission reduction targets and regional transportation plan preparation.

The RHNA divides affordability into four household income categories: Very Low, Low, Moderate and Above Moderate. The sum of these four categories is the RHNA total for each city and unincorporated area. Very Low income is 0-50 percent of Median Income; Low income is between 51-80 percent of Median Income, Moderate is between 81 and 120 percent of Median Income and Above Moderate is above 120 percent of Median Income. These numbers for Albany's 2014-2022 RHNA are listed under Table 1.

The RHNA takes into account two steps that are calculated prior to the date a city may receive its RHNA:

1. HCD determines Regional Housing Need Determination, which is the total housing need for the region divided into shares defined by income categories.
2. The designated regional agencies (such as ABAG) establishes a formula to distribute the regional allocation to individual local governments.

Appendix B of the attached ABAG staff report details the RHNA distribution methodology. In summary, the methodology took into consideration priority development areas, employment levels, transit availability, prior performance in the production of housing, income levels in the community, and adjustments for cities with larger spheres of influence beyond city borders.

DISCUSSION OF PROPOSED ALLOCATION OF HOUSING TO THE CITY OF ALBANY

Table 1 summarizes the proposed City of Albany 2014 allocation in comparison with the 2007 allocation. In 2007, the City of Albany’s share of the allocation was 276 units of housing, of which 159 units were required to meet affordability thresholds. For 2014, the City of Albany’s share of the Regional Housing Needs Allocation is 335 housing units, of which 204 units will be required to meet affordability thresholds. The July 10, 2012 memo from ABAG describing the allocation is attached.

Table 1

<i>Affordability</i>	<i>City of Albany Housing Allocation</i>		
	<u>Approved 2007</u>	<u>Proposed 2014</u>	<u>% Change</u>
Very Low Income	64	80	25%
Low Income	43	53	23%
Moderate Income	52	57	10%
Above Moderate	117	144	23%
Total	276	334	21%

Table 2 details the change in allocation from 2007 to 2014 for nearby cities. As indicated, in comparison to other nearby cities, the Albany allocation is relatively moderate. The variation from one community to the next is due to the new 2014 methodology that places greater emphasis on allocating housing to communities with “fixed-alignment” transit. In addition, the 2014 allocation is larger because it covers a longer time frame. If evaluated on an annual basis, the 2007 allocation required 39 units of housing per year and the 2014 allocation requires 42 units per year.

Table 2

<i>Cities</i>	<i>Total Housing Allocation of Nearby Cities</i>		
	<u>Approved 2007</u>	<u>Proposed 2014</u>	<u>% Change</u>
Alameda	2,046	1,716	-16%
Berkeley	2,431	2,946	21%
El Cerrito	431	397	-8%
Emeryville	1,137	1,492	31%
Oakland	14,629	14,701	0%
Piedmont	40	60	50%
Pinole	323	296	-8%
Richmond	2,826	2,424	-14%
San Pablo	298	447	50%
Total Nearby Cities	24,161	24,942	3%

KEY MILESTONES

The ABAG Executive Board approved the draft allocation at its July 19, 2012 meeting. Local cities have 60 days (September 18, 2012) to submit a request for revisions. Historically, revisions to allocations have rarely been granted. For example, in 1999, 29 cities initially requested revisions to their housing allocations. Various arguments were made, including environmental constraints, historical growth trends, local land use policies, lack of infrastructure, built-out nature of communities, or in response to data or methodological concerns. Ultimately, all requests for changes except one (by the City of Richmond) were denied by the ABAG Executive Board.

Once the revision and appeal process is completed, ABAG is expected to take final action on the allocations to Bay Area cities in early 2013. Following ABAG final approval, the City must complete the preparation of the new housing element including California Environmental Quality Act review by October 2014.

Summary Timeline

<i>Date</i>	<i>Milestone</i>
January 2011 – April 2012	ABAG approval of methodology
March 2012	Release by ABAG of draft local allocation
September 18, 2012	Deadline to file appeal of local allocation
February - May 2013	Final approval by ABAG of local allocation
October 2014	Complete Housing Element

ATTACHMENTS

“A Place to Call Home” prepared by the Association of Bay Area Governments
“Technical Documentation for Regional Housing Needs Allocation Method” prepared by the Association of Bay Area Governments

San Francisco Bay Area Needs Housing Plan (2007-2014)

<http://www.abag.ca.gov/planning/pdfs/SFHousingNeedsPlan.pdf>

July 10, 2012 ABAG Staff Report on Final Regional Housing Need Methodology

<http://abag.ca.gov/abag/events/agendas/e071912a-Item%2006%20RHNA%20Methodology%20and%20Subregional%20Shares.pdf>