CITY OF SAN PABLO
City of New Directions

San Pablo
All-America City
NATIONAL CIVIC LEAGUE
2014

M E M O R A N D U M

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Date: July 21, 2020

RE: 2020 RHNA Methodology Allocation

Planning staff have been asked to review the RHNA allocation options being considered by ABAG's Housing Methodology Committee in terms of their practical implications for San Pablo and to recommend a preferred course of action.

Staff viewed the video of the Committee's July 9th meeting along with the materials attached to the agenda. The Committee is in the process of deciding whether to utilize a 2019 Baseline Allocation or the Plan Bay Area 2050 Blueprint as a basis for allocation of the next cycle of RHNA requirements across the Bay Area jurisdictions. There are also a number of options for determining the income allocations of the required units.

ABAG staff have projected the potential allocations by jurisdiction using the various approaches. Below is a snapshot of San Pablo's potential allocation under the various options:

San Pablo (2019 hhs: 9036)
(Contra Costa County)
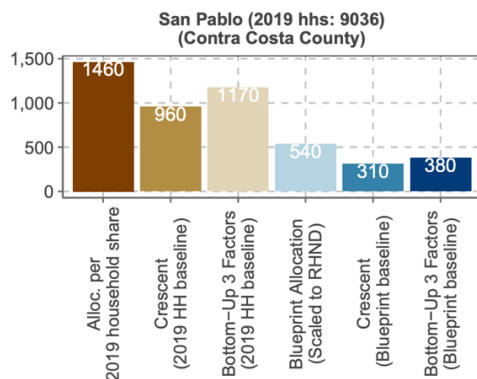
The projections show that utilizing the Blueprint 2050 allocation (shown in blue on the right) would result in a much lower and more realistic RHNA expectation for San Pablo (540 units versus 1,460 units for unadjusted allocations). This is likely because Blueprint 2050 takes into account many more factors than the 2019 allocation and redistributes higher housing allocations to resource-rich areas such as the South Bay. Using the Blueprint 2050 allocation would make San Pablo's RHNA expectation much more likely to be achieved. In addition, using the Blueprint would be consistent with General Plan law requiring consistency of RHNA allocations with plan projections.
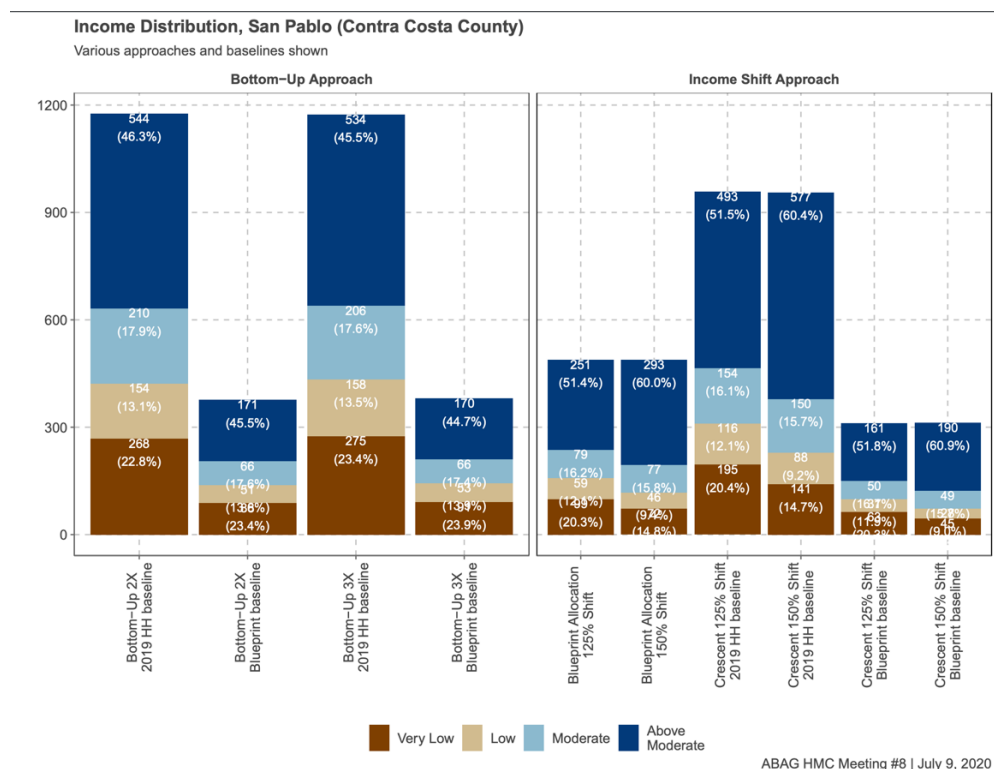
Below is a summary of the pros and cons of the two approaches from the ABAG staff presentation:

	Use the Blueprint	Continue to use 2019 households
PROS	• Simple and straightforward • Integrates transit, hazards, and market feasibility through strategies and modeling • Better aligned with Plan Bay Area 2050 • RHNA allocations more focused in Silicon Valley, region's largest job center • Higher RHNA allocations in high-resource areas near major job centers – notably in South Bay	• Relatively straightforward • More even distribution of RHNA throughout region • Not dependent on Final Blueprint slated for approval this fall
CONS	• Lower RHNA allocations for some high-resource areas outside Silicon Valley • Draft Blueprint as allocation factor does not work easily for Bottom-Up approach • Blueprint will continue to evolve in summer & fall via Plan public engagement	• RHNA allocations less aligned with long-range housing vision (Plan Bay Area 2050) • If HMC wants RHNA methodology to emphasize topics in the Plan (e.g., hazards, transit, market feasibility, etc.) they may need to be added as allocation factors

In terms of methodologies to be used in adjusting the allocations and distributing units among the various income levels, the Committee is considering a number of approaches, that may be used with either of the baseline allocation options. The below snapshot shows the implications of these various options for San Pablo. In terms of preferred methodology, San Pablo would have a more realistic allocation using either the "Crescent" approach or the "Bottom-Up 3 Factor" approach paired with the Blueprint baseline. ABAG staff note that use of the Bottom-Up approach does not pair well with the Blueprint baseline for methodological reasons. Therefore, the "Crescent Income Shift" approach would work best for both San Pablo and for regional staff. This option is shown in the rightmost two bars on the graph below. These two bars depict a 125% shift and a 150% shift for allocation among income levels, with the 125% shift requiring 51.8% (161 units) above moderate income units and the 150% requiring 60.9% (190) units above moderate income. Planning staff believe that the 125% income approach would be most realistic for San Pablo, which has its housing market strengths at the moderate and below moderate levels.

Based upon the projected implications for San Pablo, staff believes that the preferred option would be for San Pablo to utilize the Plan Bay Area Blueprint as the baseline and to allocate units using the Crescent Income Shift Approach, with a 125% income shift, as depicted in the second from the right bar below:

Income Distribution, San Pablo (Contra Costa County)
Various approaches and baselines shown

ABAG HMC Meeting #8 | July 9, 2020

However, indications are that the Committee prefers the Bottom-Up approach. If this approach is chosen by the Committee, either of the two- or three-factor methodologies would be workable from San Pablo's perspective. These are depicted in the second and fourth bars from the left in the above graph.

Recommendation

Planning staff recommends that ABAG use the 2050 Blueprint as the baseline for the RHNA allocations. This approach is more forward-thinking than simply using the 2019 allocation and would be more compliant with California Law requiring consistency between RHNA and general plans. The 2050 Blueprint takes a longer view than the 2019 Baseline Allocation and accounts for jobs/housing balance, focusing affordable housing in historically exclusionary areas, and avoiding hazard risks, including sea level rise.

With respect to the income distribution approach to be utilized, planning staff recommend that either the income shift or the bottom-up approach would be workable for San Pablo, as long as the 2050 Blueprint is utilized. If the Income Shift approach is utilized, staff recommend the 125% shift as the best option for San Pablo.

It should be noted that as of the July 9, 2020 meeting, the Committee appeared to be leaning towards recommending the 2019 Baseline as members believe that it will better address today's problems in terms of housing inequities in the Bay Area. The Committee has also expressed a preference for the Bottom-Up allocation approach as opposed to the Income Shift approach. The 2019 Baseline would align better with the Bottom-Up allocation from

a methodological perspective. ABAG staff seem to prefer the Blueprint in that it is more forward thinking in terms of timeline, will make the allocations more consistent with future planning efforts, and it integrates additional factors as noted above.

Conclusion

It is staff's observation that prior RHNA expectations have been unrealistically high for San Pablo and have significantly outstripped the City's ability to provide units. The requirements do not seem to account for San Pablo's situation as a fully built-out affordable community with a small and constrained geography and modest development activity. San Pablo's existing stock of single-family are also relatively densely developed and accommodate a higher household size and more accessory dwelling accommodations than found in many other communities. The RHNA allocations do not seem to credit the affordability and density of San Pablo's existing housing stock.

If the 2019 Baseline is chosen, San Pablo will continue to struggle to meet its RHNA requirements. In addition, fulfillment of these high requirements could result in the displacement of lower-income households to the extent that the existing pattern of affordable single-family homes are redeveloped with higher-density, higher-cost structures. If the Plan Bay Area 2050 Blueprint is chosen, San Pablo will have a much better chance to meet its RHNA allocation, as more resource-rich areas take on an increased share of the regional housing need.