

Report on ABAG to MCCMC¹

April 2020

EXECUTIVE SUMMARY:

- 1) **Regional Growth Forecast:** The 'Final' Regional Growth Forecast will be included in the Draft Blueprint for Plan Bay Area which includes a 1.4M increase in jobs, 2.7M increase in population, 1.3M increase in Households and 1.6M increase in Housing Units from 2015 to 2050. These projections are higher than the Plan Bay Area 2040 (approved in 2017) by an increase of 400,000 jobs; 300,000 households and 300,000 housing units in 2040. Also, these projections are higher than the CA Department of Finance projections provided in January 2020.
- 2) **Regional Housing Needs Allocation (RHNA):** Elise Semorian, Director of Community Development, San Anselmo and Pat Eklund, Mayor Pro Tem, City of Novato serve on the ABAG Housing Methodology Committee which will recommend the Regional Housing Needs Allocation (RHNA) methodology for 2022-2030. Staff has developed a great tool that shows how the various factors being recommended by staff affect our individual RHNA allocation. Here is the link: <https://rhna-factors.mtcanalytics.org/>.
- 3) **General Obligation (GO Bond):** Housing advocates have requested ABAG and MTC consider placing a General Obligation Bond Measure on the November 2020 ballot to raise \$10 Billion across all 9 counties for housing. 80% of revenues would return to county of origin. It would be administered by Bay Area Housing Finance Authority (BAHFA) which was created by AB 1487.
- 4) **ABAG/MTC Governance:** In 2017, ABAG and MTC staff consolidated. The MOU between ABAG and MTC also called for, starting in July 2019, a discussion on whether the ABAG Executive Board and the Metropolitan Transportation Commission should be consolidated. A Governance Committee was formed in 2019 and recently agreed to consider consolidating ABAG and MTC committees before discussing a consolidation of ABAG and MTC. Consolidating committees could streamline and maximize staff resources. A conceptual proposal was agreed upon by both ABAG and MTC and will be further developed for future consideration.
- 5) **General Assembly:** Save the date -- June 11, 2020 -- for ABAG's General Assembly. This General Assembly will be asked to take action on ABAG's 2020/2021 Budget and approve a Bylaws revision that would allow ABAG Executive Board to increase the budget if we receive grants that were not anticipated when the General Assembly approved the budget.

Regional Growth Forecast: The Plan Bay Area 2050 Regional Growth Forecast identifies how much the Bay Area might grow between the Plan baseline year (2015) and the Plan horizon year (2050), including population, jobs, households, and associated housing units. The forecast also includes important components of that growth, including employment by sector, population by age and ethnic characteristics, and households by income level. During the Blueprint planning phase, the Regional Growth Forecast is being used to identify the total amount of growth. These figures are then integrated into the Bay Area UrbanSim 2.0 land use model; UrbanSim explores how Blueprint planning strategies might affect the local distribution of growth in households and employment.

On April 9, 2020, ABAG/MTC staff conducted a workshop for the ABAG Executive Board on the 'Final' Regional Growth Forecast which is:

Table 2: Plan Bay Area 2050 - Final Regional Growth Forecast⁷

	2015	2030	2035	2040	2045	2050
<i>Employment (in millions)</i>	4.0	4.7	4.8	5.1	5.2	5.4
<i>Population (in millions)</i>	7.6	8.7	9.1	9.5	9.9	10.3
<i>Households (in millions)</i>	2.7	3.3	3.5	3.7	3.9	4.0
<i>Housing Units (in millions)</i>	2.7	3.4	3.7	3.9	4.1	4.3
<i>Average Household Size</i>	2.8	2.6	2.6	2.5	2.5	2.5

Source: MTC/ABAG from U.S. Bureau of Labor Statistics, U.S. Bureau of the Census, American Community Survey, and modeling results from ABAG REMI 2.3.1; 2020 and 2025 forecasts to be integrated later this month

¹ Marin County Council of Mayors and Councilmembers (MCCMC)

The Regional Growth Forecast is being integrated into the Draft Blueprint, with analysis currently underway using UrbanSim 2.0 and Travel Model 1.5. Staff are also finalizing assumptions this month for the early years of the Final Forecast (2020 through 2029) to integrate the effects of an anticipated economic downturn this year due to COVID-19. If needed, any remaining refinements necessary to fully align with the Final Blueprint can be made prior to the ABAG Executive Board's adoption of the forecast anticipated in the Fall 2020.

As part of the Final Regional Growth Forecast, staff is also assuming that **additional**:

- Transportation revenues would be funded by a sales tax increase;
- Housing revenues would be funded by a business tax increase;
- Economic revenues would be funded by a personal income tax increase; and
- Environment revenues would be funded by a property tax increase.

Staff analyzed the strategies in Blueprint Basic along with the effects of these additional taxes and the additional strategies included in Blueprint Plus. Staff's forecast is higher than the CA Department of Finance (DOF). The DOF projections are based on demographics; whereas, ABAG/MTC staff's projections also include economic growth.

Staff will also provide the Final Regional Growth Forecast assumptions and results to California Housing and Community Development Department (HCD) as part of the Regional Housing Needs Allocation (RHNA) process. HCD will review MTC/ABAG projections and compare those with Department of Finance (DOF) projections to determine the regional housing needs (RHND) for the Bay Area. Per statute, if the MTC/ABAG forecast is within 1.5 percent of the DOF forecast, the MTC/ABAG forecast will be used as the base for HCD to calculate Bay Area housing needs target. Otherwise, following consultation with MTC/ABAG staff, HCD will determine which forecast to use for the RHND.

Several Board members along with other elected officials in the Bay Area expressed concerns about these projections since they were developed prior to COVID-19. Staff has agreed to adjust the 2020-2029 projections to accommodate the changes anticipated with this pandemic, but believe that the 2050 forecast should not change. This final forecast will come to the ABAG Executive Board for approval in the Fall of 2020.

Regional Housing Needs Allocation (RHNA) 6th Cycle 2022-2030: Last year, ABAG formed the Housing Methodology Committee (HMC) to recommend an allocation methodology for dividing up the Bay Area's Regional Housing Need Determination among the region's 110 jurisdictions (101 cities and 9 Counties). Marin County has two representatives -- Elise Semorian, Director of Community Development, San Anselmo and Pat Eklund, Mayor Pro Tem, City of Novato.

Staff reported each of the following points:

- The Regional Housing Needs Allocation (RHNA) methodology is a formula that calculates the number of housing units assigned to each city and county, and the formula also distributes each jurisdiction's housing unit allocation among four affordability levels.
- The HMC will need to select key factors to serve as the main components of the methodology. The factors function as levers that "drive" the allocation from the regional total to the jurisdiction share.
- While the RHNA process focuses on housing need, staff recognizes that identifying need is as much art as science. Ultimately, the allocation assigned to jurisdictions will be based on the factors that HMC members and ABAG's Executive Board consider most important.

ABAG staff is proposing to assign each jurisdiction a share of the total Regional Housing Needs Determination (RHND) from the California Department of Housing and Community Development (HCD) based on the jurisdiction's size (in terms of households) as a share of the region's total households. This baseline allocation means that a larger jurisdiction will receive a larger allocation, but each jurisdiction starts out with an equal share of the total housing need relative to jurisdiction size. Then, the baseline would be adjusted either up or down by the following factors: Access to High Opportunity Areas; Divergence Index; Job Proximity (Auto and Transit); Vehicle Miles Travelled (VMT); Jobs-Housing Balance; Jobs-Housing Fit; Future Jobs; Transit Connectivity and Natural Hazards.

ABAG/MTC staff has developed a great tool that will show you how the various factors affect our individual RHNA allocation. Here is the link: <https://rhna-factors.mtcanalytics.org/>.

General Obligation (GO) Bond: Housing advocates have requested ABAG and MTC consider placing a General Obligation Bond Measure on the November 2020 ballot to raise \$10 Billion across all 9 counties for housing. The proposed ballot measure would levy 35 cents per \$1,000 of assessed value, generating \$670 Million annually for approximately 30 years. A regional poll was conducted in 2019 which showed that voters were receptive to a GO bond for production and preservation of affordable housing. Housing advocates will be conducting another poll in May 2020 to determine whether the pandemic has changed voter sentiment. ABAG and MTC approved a revised workplan and formation of an interim advisory committee that would help ABAG and MTC determine whether the ballot measure should go forward in November 2020. This includes determining how the \$3-7M cost for placing this measure on the ballot would be paid for. ABAG and MTC Board members indicated that given the current financial situation of cities and counties, it is uncertain whether local government could pay for placing the measure on the ballots for the 9 counties. Leelee Thomas who is the County of Marin, Community Development Planning Manager is one of the interim advisory committee members.

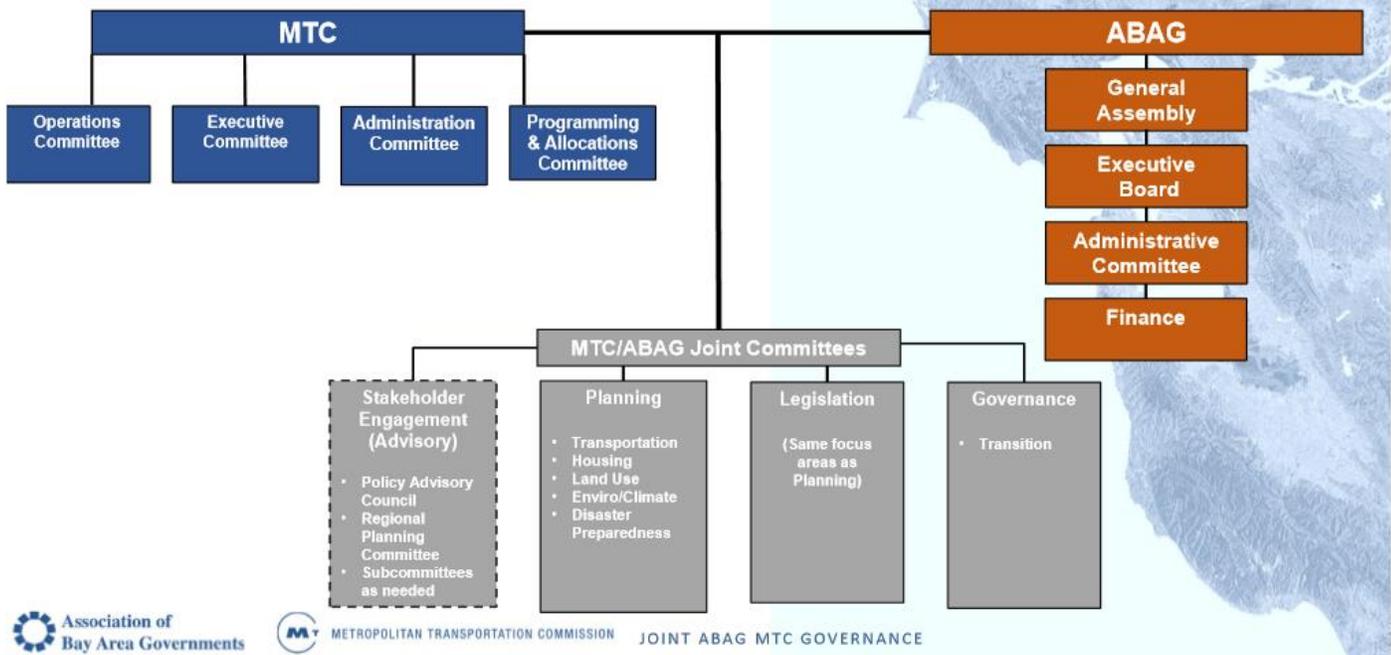
A final decision on whether the ballot measure will be placed on the ballot in November 2020 will be made by ABAG and MTC in May 2020. If the measure is placed on the ballot, each County would need to develop their expenditure plans since 80% of the funds would go back to the county of origin. If the measure passes, it would be administered by Bay Area Housing Finance Authority (BAHFA) which was created by AB 1487.

ABAG/MTC Governance: In 2017, ABAG and MTC agreed to consolidate and executed a Memorandum of Understanding (MOU) to begin with consolidating staff as the first step and entered into a Contract for Services which was approved by both Boards. In the MOU, it also called for:

“No later than July 1, 2019, ABAG and MTC will begin discussions on whether the two agencies should restructure their governing boards to better serve the region and to better utilize the consolidated staff. These discussions may be conducted directly through the Executive Board of ABAG and the Commission of MTC, or their respective designated policymakers or designated policy bodies. Both parties retain the sole individual discretion to decide whether or not to merge the two governing boards.”

In 2019, the Joint ABAG MTC Governance Committee was formed. On April 10, 2020, the Joint Committee recommended merging some of the ABAG and MTC committees to streamline the work and to postpone the discussion of merging the governing boards until the committee structure was decided. Following is the proposed committee restructure that was discussed at the April 22, 2020 MTC meeting; and the April 23, 2020 ABAG Executive Board meeting.

Consolidated Committee Framework: View from the Top



UPCOMING MEETINGS²

- **May 6, 2020 -- ABAG Regional Planning Committee, 3:00 to 5:00 pm**
(will be conducted via webcast, teleconference, and Zoom)
- **May 8, 2020-- Joint ABAG/MTC Legislative Committees, 9:30 am**
Joint ABAG Administrative/MTC Planning Committee, 9:40 am
(will be conducted via webcast, teleconference, and Zoom)
- **May 13, 2020-- MTC Policy Advisory Council,**
- **May 14, 2020-- ABAG Housing Methodology Committee, 9:00 to 12:00**
(will be conducted via webcast, teleconference, and Zoom)
- **May 21, 2020-- ABAG Finance Committee, 5:00 pm**
ABAG Executive Board, 7:00 pm
(will be conducted via webcast, teleconference, and Zoom)
- **May 27, 2020-- MTC Commission, 9:30 am**
(will be conducted via webcast, teleconference, and Zoom)
- **June 3, 2020-- ABAG Regional Planning Committee, 1:00 pm**
- **June 11, 2020-- General Assembly, Location and Time TBD**
- **June 12, 2020-- Joint ABAG/MTC Legislative Committees, 9:30 am**
Joint ABAG Administrative/MTC Planning Committee, 9:40 am
- **June 9, 2020-- Regional Advisory Working Group, 9:30 am**
- **June 18, 2020-- ABAG Finance Committee, 5:00 pm**
ABAG Executive Board Meeting, 7:00 pm
- **June 24, 2020-- MTC Commission, 9:30 am**
ABAG/MTC Governance Committee, 11:30 am

If you have questions, contact Pat Eklund, Mayor Pro Tem, City of Novato at 415-883-9116; pateklund@comcast.net).

² All meetings are held at 375 Beale Street in San Francisco, unless noted otherwise.