



## COMMUNITY DEVELOPMENT DEPARTMENT

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### Key Takeaways

- State law requires that every jurisdiction update their Housing Element every 8 years to reflect the Regional Housing Needs Allocation (RHNA).
- The Association of Bay Area Governments (ABAG) is responsible for distributing the San Francisco Bay Area's RHNA among the region's 109 local jurisdictions.
- The Housing Methodology Committee (HMC) is working to establish a recommended RHNA distribution methodology for the 2023 -2031 cycle.
- ABAG is currently estimating that the Regional Housing Needs Determination for the San Francisco Bay Area will be approximately 600,000 units (*approximately three times larger than the 2015 – 2023 cycle*)<sup>1</sup>.
- Based on the three RHNA distribution methodology options that ranked the highest at the March 2020 HMC meeting polling, Cupertino's estimated RHNA will range from 5,591 to 6,414 net new housing units (*between five and six times larger than the 2015 – 2023 cycle*).
- Jobs-Housing Balance has less of an impact on local RHNA than Jobs-Housing Fit.

### Regional Housing Needs Determination

State law<sup>2</sup> requires that every jurisdiction plan for the projected long-range housing needs at all income levels for that jurisdiction on a set schedule – every 8 years for Cupertino. This is accomplished through two separate, but parallel actions – updating the Housing Element of the General Plan and rezoning enough sites to accommodate the RHNA.

In consultation with ABAG, the California Department of Housing and Community Development (HCD) is responsible for developing the Regional Housing Needs Determination (RHND) for the San Francisco Bay Area. The RHND is the projected total number and affordability mix of net new residential units needed to meet the housing needs at all income levels over the 8-year planning period. The RHND for the region is based on population projections produced by the CA Department of Finance, which also

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<sup>1</sup> 2015 – 2023 Regional Housing Need Plan: [https://abag.ca.gov/sites/default/files/2015-23\\_rhna\\_plan.pdf](https://abag.ca.gov/sites/default/files/2015-23_rhna_plan.pdf)

<sup>2</sup> State Law: [http://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=GOV&sectionNum=65584](http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=65584).

considers economic uncertainties when making their determination. It is anticipated that the RHND for the upcoming 2023 – 2031 RHNA cycle for the Bay Area will be made available in summer 2020.

### **Regional Housing Needs Allocation (RHNA) and Housing Methodology Committee (HMC)**

State law requires ABAG to conduct a public process to distribute the RHND. As a result, ABAG formed the HMC in October 2019 to recommend an allocation methodology for properly distributing the Bay Area’s RHND among the region’s 109 jurisdictions as the local RHNA.

The objectives of the Housing Methodology Committee are to:

1. Advise ABAG staff on the RHNA allocation methodology for the 2023-2031 cycle;
2. Ensure that the methodology and RHNA meet statutory requirements; and
3. Ensure that the methodology and allocation are consistent with the forecasted development pattern for PBA 2050.

HMC’s recommendations are shared with the ABAG Regional Planning Committee, who will ultimately make a recommendation to the ABAG Executive Board on the methodology and resulting allocations for local jurisdictions.

ABAG is expected to publish the draft local RHNA in spring 2021 with the final local RHNA to be determined in winter 2021. State law allows an appeals process to appeal the final local RHNA.

### **Allocation Distribution Methodology**

The RHNA distribution methodology is a formula that calculates the number of housing units assigned to each jurisdiction and further distributes each jurisdiction’s housing unit allocation among four affordability levels: very low income, low income, moderate income, and above moderate income. The RHNA methodology must meet 5 objectives identified in Housing Element Law:

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.
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 reduction targets.
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.
5. Affirmatively furthering fair housing.

As previously mentioned, the HMC is charged with also ensuring that the RHNA is consistent with the growth pattern outlined in the region’s long-term land use and transportation plan, Plan Bay Area 2050.

The methodology for the 2023-2031 RHNA cycle is proposed to be comprised of three primary aspects: (1) Baseline Allocation, (2) Factor Adjustments, and (3) Factor Weights.

Baseline Allocation

There are two baseline allocations under consideration at this time: (1) The Plan Bay Area 2050 Blueprint forecasted household growth, and (2) The share of existing households in 2019 relative to the region’s total households. The HMC is expected to make a recommendation on which factor to use for the baseline allocation for each jurisdiction in summer 2020.

Factor Adjustments

At the January 2020 meeting, HMC narrowed down the list of 13 potential methodology factors<sup>3</sup> to 9 potential factors, which can be organized under the following four broad categories (see tables 1 – 4): (1) Fair Housing & Equity, (2) Jobs & Jobs-Housing Fit, (3) Transportation, and (4) Other Factors.

TABLE 1 - FAIR HOUSING AND EQUITY FACTORS		
Factor	Definition	Impact
Access to High Opportunity Areas	The percentage of a jurisdiction’s households living in census tracts labeled “High Resource” or “Highest Resource” based on opportunity index scores. <sup>4</sup>	More units allocated to jurisdictions with the most access to opportunity.
Divergence Index	The divergence index score for a jurisdiction, which is a calculation of how different a jurisdiction’s demographics are from the region. <sup>5</sup>	More units allocated to jurisdictions that are more segregated compared to the rest of the region.

<sup>3</sup> The complete list of the initial list of 13 potential methodology is available online at: <https://mtc.legistar.com/LegislationDetail.aspx?ID=4310877&GUID=DF283BAB-7B09-4C66-9D81-7DF1F58A98AB> (see Attachment A)

<sup>4</sup> HRA map: [https://abag.ca.gov/sites/default/files/factor\\_e1\\_access\\_to\\_high\\_resources\\_v2.pdf](https://abag.ca.gov/sites/default/files/factor_e1_access_to_high_resources_v2.pdf); Based on the CA TCAC Draft 2020 Opportunity Map: <https://belonging.berkeley.edu/tcac-2020-preview>

<sup>5</sup> Diversity and Resources Map: [https://abag.ca.gov/sites/default/files/extra\\_divergence\\_tcac\\_not\\_tpa\\_v2.pdf](https://abag.ca.gov/sites/default/files/extra_divergence_tcac_not_tpa_v2.pdf); Based on the U.S. Census Bureau, American Community Survey 2014 – 2018, Tables B03002; B19013

TABLE 2 – JOBS AND JOBS-HOUSING FIT		
Factor	Definition	Impact
Jobs Proximity - Auto	Share of the region’s total jobs that can be accessed from a jurisdiction by a 30-minute auto commute <sup>6</sup>	More units allocated to jurisdictions with easy access to the region’s job centers
Jobs Proximity - Transit	Share of the region’s total jobs that can be accessed from a jurisdiction by a 45-minute transit commute <sup>7</sup>	More units allocated to jurisdictions with easy access to region’s job centers
Vehicle Miles Travelled (VMT)	Total modeled VMT per worker in 2020 from PBA 2050 <sup>8</sup>	More units allocated to jurisdictions with a high number of VMT per worker
Jobs-Housing Balance	Ratio of jobs within a jurisdiction to housing units in the jurisdiction <sup>9</sup>	More units allocated to jurisdictions with a high number of jobs relative to amount of housing
Jobs-Housing Fit	Ratio of low-wage jobs within a jurisdiction to the number of low-cost rental units in the jurisdiction <sup>10</sup>	More units allocated to jurisdictions with a high number of low-wage jobs relative to the number of low-cost rental units
Future Jobs	Jurisdiction’s share of the region’s forecasted jobs based on PBA 2050 <sup>11</sup>	More units allocated to jurisdictions with a higher share of projected jobs

TABLE 3 - TRANSPORTATION		
Factor	Definition	Impact
Transit Connectivity	Jurisdiction’s percentage of the region’s total acres within Transit Priority Areas (TPAs) <sup>12</sup>	More units allocated to jurisdictions with existing and planned transit infrastructure

TABLE 4 – OTHER FACTORS		
Factor	Definition	Impact
Natural Hazards	Percentage of acres within a jurisdiction’s urbanized area in locations with low risk from natural hazards according to the Modified MTC/ABAG Multi-Hazard Index <sup>13</sup>	More units allocated to areas with low natural hazard risk

<sup>6</sup> Data Source: MTC, Travel Model One

<sup>7</sup> Data Source: MTC, Travel Model One

<sup>8</sup> VMT Map: [https://abag.ca.gov/sites/default/files/extra\\_vmt\\_pba2040\\_v2.pdf](https://abag.ca.gov/sites/default/files/extra_vmt_pba2040_v2.pdf)

<sup>9</sup> Jobs-Housing Balance Map: [https://abag.ca.gov/sites/default/files/factor\\_j3\\_jobs-housing\\_balance\\_v2.pdf](https://abag.ca.gov/sites/default/files/factor_j3_jobs-housing_balance_v2.pdf)

<sup>10</sup> Jobs-Housing Fit Map: [https://abag.ca.gov/sites/default/files/factor\\_j4\\_jobs-housing\\_fit\\_v2.pdf](https://abag.ca.gov/sites/default/files/factor_j4_jobs-housing_fit_v2.pdf)

<sup>11</sup> Future Jobs Map: [https://abag.ca.gov/sites/default/files/factor\\_p2\\_future\\_jobs\\_v2.pdf](https://abag.ca.gov/sites/default/files/factor_p2_future_jobs_v2.pdf)

<sup>12</sup> Transit Connectivity Map: [https://abag.ca.gov/sites/default/files/factor\\_t1\\_juris\\_tpa\\_share\\_v2.pdf](https://abag.ca.gov/sites/default/files/factor_t1_juris_tpa_share_v2.pdf)

<sup>13</sup> Natural Hazards Map: [https://abag.ca.gov/sites/default/files/factor\\_o1\\_natural\\_hazards\\_v2.pdf](https://abag.ca.gov/sites/default/files/factor_o1_natural_hazards_v2.pdf)

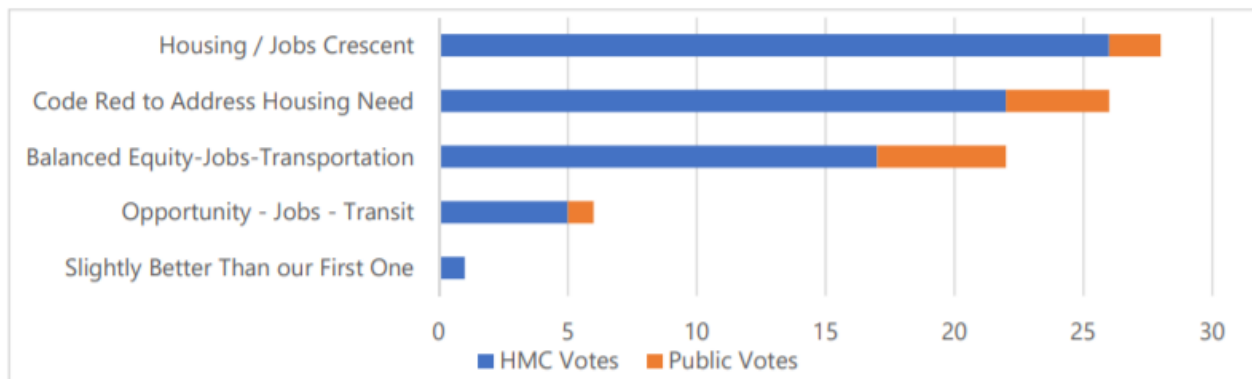
The methodology factors have yet to be finalized. Once finalized, each selected methodology factor would adjust a jurisdiction’s baseline allocation up or down, depending on the factor’s impact to a jurisdiction.

### Factor Weights

Lastly, the HMC methodology will weigh each factor in relation to overall allocation. The factor weights will reflect the priorities of the HMC and ABAG’s board.

### RHNA Distribution Methodology Options

At the March HMC meeting<sup>14</sup>, HMC members explored five sample RHNA distribution methodology options by prioritizing and weighting the various factors in each of the four categories. HMC members and the public then voted to indicate their preferred methodology – results of the voting are shown in Figure 1. The ranking of methodologies between HMC members and the public varied slightly with the public ranking the top three methodologies in order of: (1) Balanced Equity-Jobs-Transportation, (2) Code Red to Address Housing Need, and (3) Housing/Jobs Crescent while the HMC ranked these three options in the reverse order of preference.



**Figure 1.** Methodology Options Voting Results

As indicated in the summary of factors and weights of the preferred methodology options (see Figure 2 below), the HMC is considering equity and linking housing and jobs as top priorities for the RHNA distribution methodology.

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<sup>14</sup> Initial RHNA Methodology Options Memo to HMC:  
[https://abag.ca.gov/sites/default/files/hmc\\_rhna\\_methodology\\_update\\_april2020.pdf](https://abag.ca.gov/sites/default/files/hmc_rhna_methodology_update_april2020.pdf)

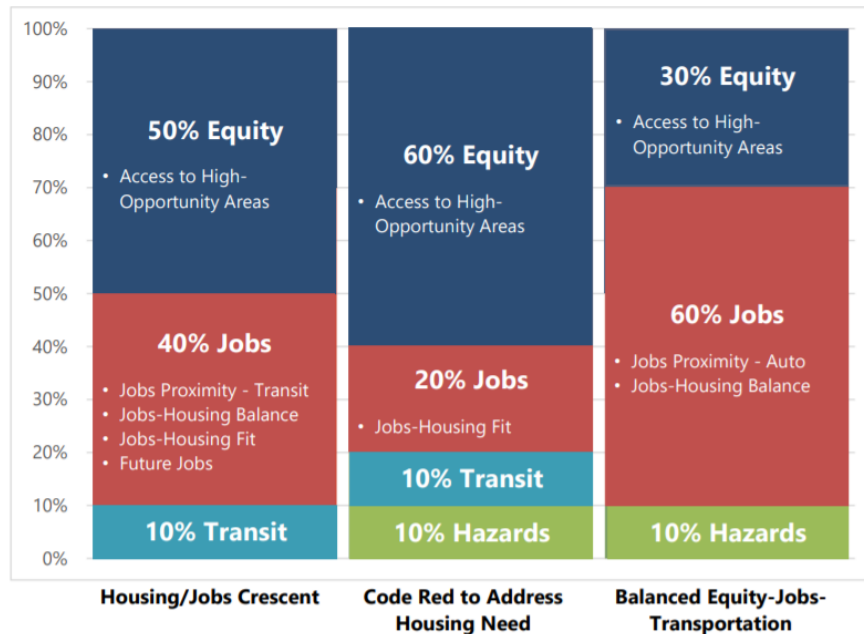


Figure 2. Summary of Factors & Weights

### Local Impact

ABAG has also developed an online GIS-based visualization tool that allows the public to generate a potential jurisdiction-specific output by testing different combinations of factors and factor weights, available online at: <https://rhna-factors.mtcanalytics.org/>. The online visualization tool assumes a 600,000 RHND for the Bay Area region. This assumption is based on the allocations currently being distributed to the Southern California Council of Governments.

The baseline allocation for purposes of the visualization tool is based on each jurisdiction’s share of existing households in 2019 relative to the region’s total households. It is important to note that for the purposes of the visualization tool, the baseline allocation results in each jurisdiction experiencing the same growth rate as the region, for a 22% increase in the number of households. Cupertino’s estimated baseline allocation is 4,413 housing units reflecting a 22% increase compared to the City’s existing number of households in 2019.

### Factor Impacts

Table 5 indicates the impact of each factor to Cupertino’s baseline allocation should that factor alone determine the local RHNA. This table was generated by weighting each of the factors individually to 100% and running the tool.

<b>TABLE 5 – PROSPECTIVE FACTOR IMPACTS TO BASELINE (RANKED BY MAGNITUDE OF IMPACT)</b>			
<b>Baseline Allocation</b>	<b>4,413 Units</b>		
	<b>Change *</b>	<b>Total Units</b>	<b>% Change*</b>
<b>Divergence Index</b>	<b>+3,867</b>	<b>8,820</b>	<b>+87.6%</b>
<b>Access to High Opportunity Areas</b>	<b>+2,799</b>	<b>7,212</b>	<b>+63.4%</b>
<b>Jobs-Housing Fit</b>	<b>+1,983</b>	<b>6,396</b>	<b>+44.9%</b>
Job Proximity – Auto	+1,275	5,688	+28.9%
Natural Hazards	+825	5,238	+18.7%
Jobs-Housing Balance	+629	5,042	+14.3%
Vehicle Miles Travelled (VMT)	+82	4,495	+1.9%
<b>Job Proximity – Transit</b>	<b>-1,085</b>	<b>3,328</b>	<b>-24.6%</b>
<b>Future Jobs</b>	<b>-1,162</b>	<b>3,251</b>	<b>-26.3%</b>
<b>Transit Connectivity</b>	<b>-1,574</b>	<b>2,839</b>	<b>-35.7%</b>

\* The change in total units and percentage is compared to the estimated baseline allocation.

The Divergence Index, Access to High Opportunity Zones and Jobs-Housing Fit factors impact Cupertino’s local RHNA the most, while Transit Connectivity, Future Jobs and Job Proximity – Transit have the least impact to the local RHNA per ABAG’s visualization tool.

Jobs-Housing Balance vs. Jobs-Housing Fit

The Jobs-Housing Balance (ratio of jobs to housing) factor has a lower impact on the City’s local RHNA baseline allocation than Jobs-Housing Fit (ratio of low-wage jobs to number of low-cost rental units). Jobs-Housing balance causes an increase of 14.3% to the baseline allocation if the RHNA were to be solely determined based on this one factor. However, the Jobs-Housing Fit factor causes almost a 45% increase to the baseline allocation.

There ratios can be improved as follows:

- **Jobs-Housing Balance:** Since there is limited office growth contemplated in the City’s existing General Plan, in order to improve the ratio of jobs to housing the City would have to find ways to increase housing development overall.
- **Jobs-Housing Fit:** Of the top three factors that increase the baseline allocation the most, Jobs-Housing Fit could be most directly impacted by the City’s policies. In order to improve this ratio and its impact on future local RHNA, the City would have to consider ways to increase the number of low-cost rental units in the City compared to ownership units. In general, the current ratio of all (market-rate and low-cost) rental units to ownership units in the City is ~ 1 rental unit for every 3 ownership units. The Council could consider adopting policies related to improving this ratio in its upcoming Housing Element update which in turn could impact the jobs-housing fit.

### Current HMC Preferred Methodology Impacts

The three preferred methodology options from the March 2020 HMC meeting in order of most votes overall are: (1) Housing/Jobs Crescent, (2) Code Red to Address Housing Needs, and (3) Balanced Equity-Jobs-Transportation. Table 6 indicates the potential impact of each preferred methodology option to Cupertino’s baseline allocation of 4,413 housing units in order of magnitude of impact. This was obtained by setting the factors to the weights assigned to each methodology in Figure 2 above and running the visualization tool. Cupertino’s baseline allocation is expected to increase between 1,178 units to 2,001 units depending on the methodology chosen.

<b>TABLE 6 – PROSPECTIVE METHODOLOGY IMPACTS TO BASELINE (RANKED BY MAGNITUDE OF IMPACT)</b>			
<b>Baseline Allocation</b>	<b>4,413 Units</b>		
	<b>Increase *</b>	<b>Total Units</b>	<b>% Increase*</b>
“Code Red to Address Housing Needs”	+2,001	6,414	<b>+45.3%</b>
“Balanced Equity-Jobs-Transportation”	+1,494	5,907	<b>+33.9%</b>
“Housing/Jobs Crescent”	+1,178	5,591	<b>+26.7%</b>

\* The increase in units and percentage is compared to the estimated baseline allocation

Please refer to Attachment B.1 for projected RHNA distribution maps for each of the methodology options generated from the visualization tool.

### Conclusion

As previously mentioned, no decisions have been made about the final baseline, factors, factor weights or the RHNA distribution methodology at this time.

The schedule to reach the final local RHNA is expected to be as follows:

- May 2020: HMC will consider factors for the income allocation of units for the local RHNA – i.e., breakdown of RHNA by income levels.
- Summer 2020: HMC will discuss how to achieve consistency between RHNA and PBA 2050, including potentially using the Plan’s Blueprint as the baseline input for the RHNA methodology and/or modification of factors and weights.
- Fall 2020: HMC tentatively scheduled to propose the RHNA methodology to the Regional Planning Committee
- Late Fall 2020: Regional Planning Committee will use HMC’s input to make recommendations to the ABAG Executive Board.
- Winter 2021: Draft RHNA methodology scheduled to be submitted to HCD
- Spring 2021: RHNA methodology finalized <sup>15</sup>

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<sup>15</sup> ABAG 2023 – 2031 RHNA & PBA 2050 Key Milestones:

[https://abag.ca.gov/sites/default/files/abag\\_2023-2031\\_rhna\\_updatedtimeline.pdf](https://abag.ca.gov/sites/default/files/abag_2023-2031_rhna_updatedtimeline.pdf)



Once a local government has received its final RHNA from ABAG, State law requires that it must update the Housing Element of its General Plan to identify locations where housing can be built and the policies and strategies necessary to meet the community's housing needs for the current 8-year planning cycle. Jurisdictions in the Bay Area region must update their Housing Elements and identify sites to be rezoned by January 2023.

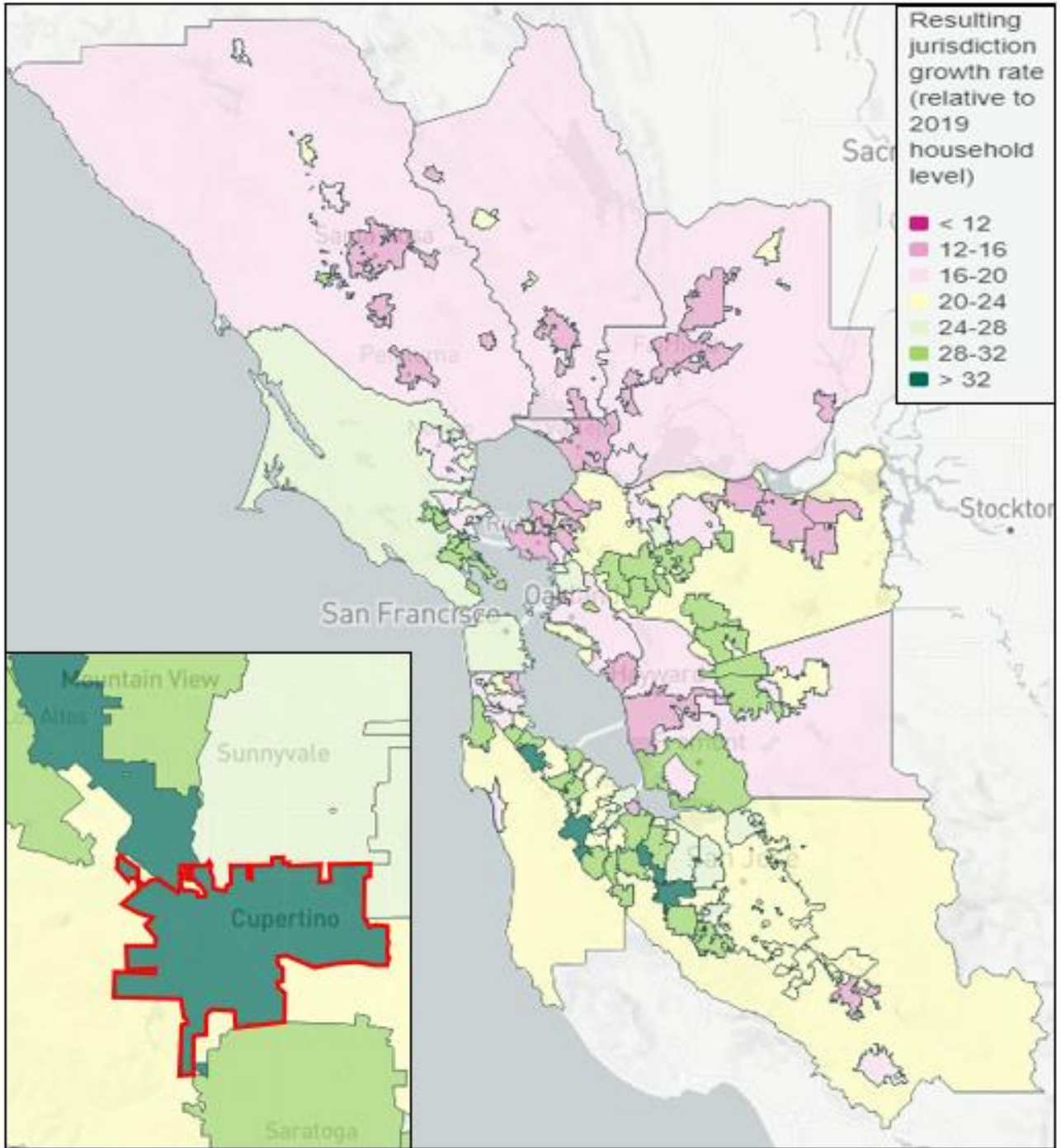
Communities are also required to report their progress to HCD on an annual basis.

**Upcoming Meetings**

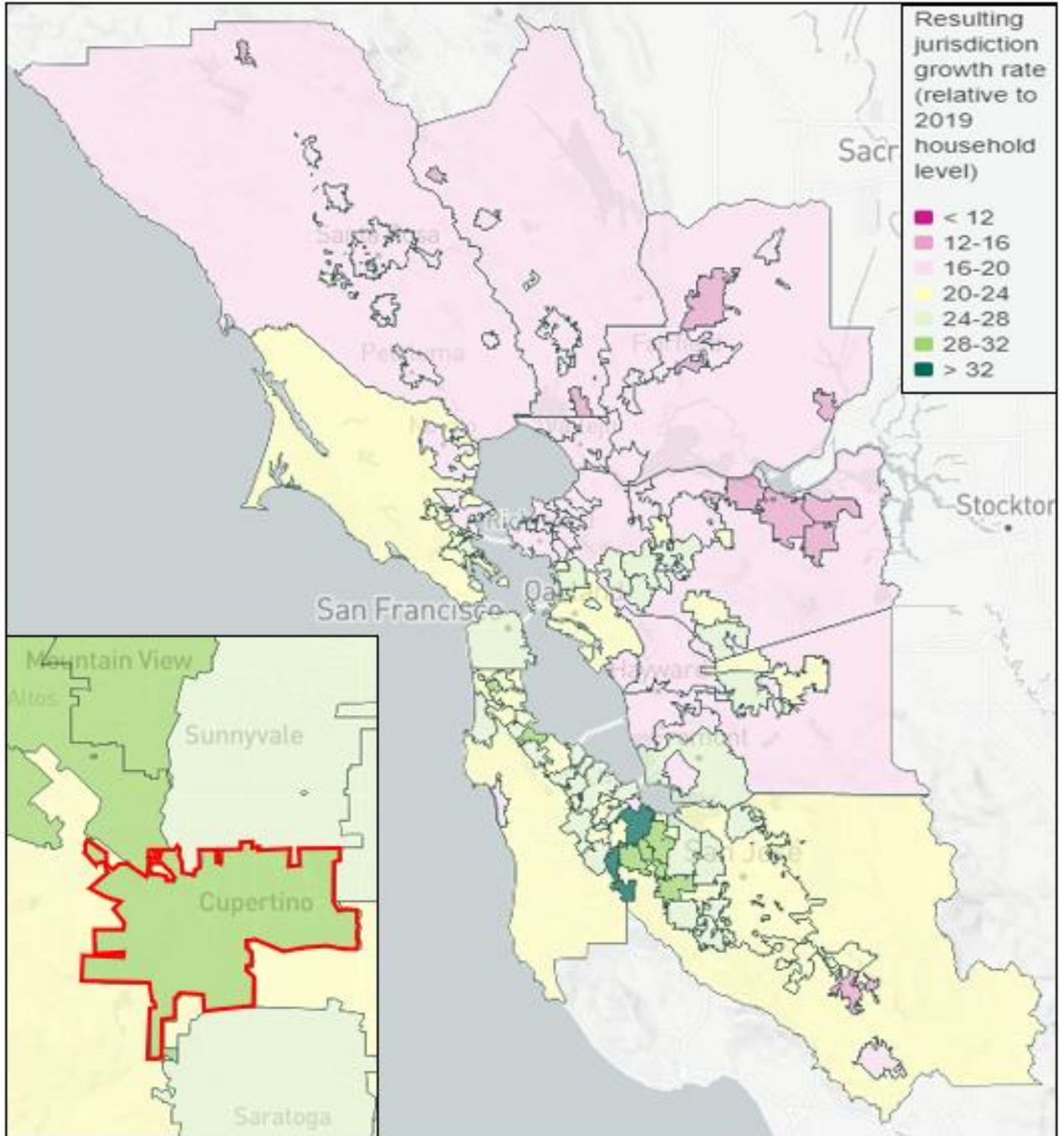
- June 19, 2020
- July 13, 2020
- August 13, 2020
- September 18, 2020

# Attachment B.1: Projected RHNA Distribution Methodology Maps

## Map 1. "Code Red to Address Housing Needs" Methodology 6,414 Units



Map 2. "Balanced Equity-Jobs-Transportation" Methodology  
5,907 Units



Map 3. "Housing/Jobs Crescent" Methodology:  
5,591 Units

