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**No. 4
MEETING OF THE**

**REGIONAL HOUSING NEEDS
ASSESSMENT SUBCOMMITTEE**

***Friday, May 27, 2011
9:00 a.m. – 12:00 p.m.***

**SCAG Los Angeles Office
818 West Seventh Street, 12th Floor
Los Angeles, CA 90017
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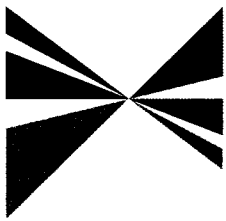
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If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Ed Rodriguez at (213) 236-1863 or via email rodrigu@scag.ca.gov

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Human Development
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**Regional Housing Needs Assessment Subcommittee
Member List**

- San Bernardino County: Hon. Bill Jahn, Big Bear Lake, District 11 (Alternate): **Chair**
Hon. Ginger Coleman, Apple Valley, District 65 (Primary)
- Los Angeles County: Hon. Margaret Finlay, Duarte, District 35 (Primary)
Hon. Steven Hofbauer, Palmdale, District 43 (Alternate)
- Orange County: Hon. Sukhee Kang, Irvine, District 14 (Primary)
Hon. Ron Garcia, Brea, OCCOG (Alternate)
- Riverside County: Hon. Darcy Kuenzi, Menifee, WRCOG (Primary)
Hon. Randon Lane, Murrieta, WRCOG (Alternate)
- Ventura County: Hon. Bryan MacDonald, Oxnard, District 45 (Primary)
Hon. Carl Morehouse, Ventura, District 47 (Alternate)
- Imperial County: Hon. Cheryl Viegas-Walker, El Centro, District 1 (Primary)
Hon. Jack Terrazas, Imperial County (Alternate)

REGIONAL HOUSING NEEDS ASSESSMENT

SUBCOMMITTEE AGENDA

MAY 27, 2011

The Regional Housing Needs Assessment (RHNA) Subcommittee may consider and act upon any of the items listed on the agenda regardless of whether they are listed as information or action items.

CALL TO ORDER & PLEDGE OF ALLEGIANCE

(Hon. Bill Jahn, Chair)

PUBLIC COMMENT PERIOD – Members of the public desiring to speak on items on the agenda, or items not on the agenda, but within the purview of the Subcommittee, must fill out and present a speaker's card to the Assistant prior to speaking. Comments will be limited to three minutes. The Chair may limit the total time for all comments to twenty minutes.

REVIEW AND PRIORITIZE AGENDA ITEMS

CONSENT CALENDAR

Time Page No.

Approval Items/Receive and File

- | | | |
|---|--|----|
| 1. <u>Minutes of April 19, 2011 Meeting</u> | | 1 |
| 2. <u>RHNA Subcommittee Topic Outlook</u> | | 7 |
| 3. <u>Correspondence Received</u> | | 11 |

INFORMATION ITEMS

- | | | |
|--|---------------------|----|
| 4. <u>Draft RHNA Consultation Packet to State Housing and Community Development Department (HCD)/Department of Finance (DOF)</u>
<i>(Frank Wen, SCAG Staff)</i> | Attachment 30 mins. | 13 |
|--|---------------------|----|

Staff will provide an update on the regional determination process with the California Department of Housing and Community Development (HCD).

- | | | |
|--|---------------------|----|
| 5. <u>RHNA Social Equity Adjustment</u>
<i>(Ma'Ayn Johnson, SCAG Staff)</i> | Attachment 30 mins. | 47 |
|--|---------------------|----|

Staff will provide an overview of how the social equity adjustment required to address the over concentration of income groups applies to the RHNA allocation.

REGIONAL HOUSING NEEDS ASSESSMENT SUBCOMMITTEE AGENDA MAY 27, 2011

ACTION ITEMS

	<u>Time</u>	<u>Page No.</u>
6. <u>Subregional Delegation Guidelines</u> <i>(Joann Africa, Chief Counsel)</i>	Attachment 30 mins.	51

Staff will update the Subcommittee on its prior discussion on subregional delegation and provide a recommendation on guidelines.

Recommended Action: Recommend to CEHD approval of the RHNA Subregional Delegation Guidelines.

CHAIR'S REPORT

STAFF REPORT

(Mark C. Butala, SCAG Staff)

ANNOUNCEMENTS

ADJOURNMENT

*The next regular meeting of the Regional Housing Needs Assessment Subcommittee will be June 24, 2011.
The location will be determined at the May 27 meeting.*

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
REGIONAL HOUSING NEEDS ASSESSMENT SUBCOMMITTEE
MINUTES OF MEETING NO. 3
APRIL 19, 2011**

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE REGIONAL HOUSING NEEDS ASSESSMENT SUBCOMMITTEE. AN AUDIO RECORDING OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN THE OFFICE OF REGIONAL COUNCIL SUPPORT.

The Regional Housing Needs Assessment Subcommittee (RHNA) of the Southern California Association of Governments (SCAG) held its meeting at the SCAG San Bernardino Office. The meeting was called to order by Chair Bill Jahn. There was a quorum.

Present

Representing Los Angeles County

Hon. Margaret Finlay, Duarte, District 35 (Primary) – via teleconference

Hon. Steven Hofbauer, Palmdale, District 43 (Alternate) – via videoconference

Representing Orange County

Hon. Sukhee Kang, Irvine, District 14 (Primary) - via videoconference

Hon. Ron Garcia, Brea, OCCOG (Alternate) – via videoconference

Representing Riverside County

Hon. Darcy Kuenzi, Menifee, WRCOG (Primary)

Representing San Bernardino County

Hon. Ginger Coleman, Apple Valley, District 65 (Primary)

Hon. Bill Jahn, Big Bear Lake, District 11 (Alternate); **Chair**

Representing Ventura County

Hon. Carl Morehouse, Ventura, District 47 (Alternate) – via videoconference

Hon. Bryan MacDonald, Oxnard, District 45 (Primary) – via videoconference

Representing Imperial County

Hon. Cheryl Viegas-Walker, El Centro, District 1 (Primary) – via teleconference

Staff Present

Hasan Ikhata, Executive Director
Douglas Williford, Deputy Executive Director, Planning & Programs
Joann Africa, Chief Counsel
Huasha Liu, Director, Land Use and Environmental Planning
Joseph Carreras, Program Manager, Housing
Frank Wen, Manager of Research, Analysis & Information Services
Ma'Ayn Johnson, Senior Regional Planner

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

Chair Bill Jahn called the meeting to order at 10:05 a.m. and led the Pledge of Allegiance.

PUBLIC COMMENT PERIOD

There were no public comments.

REVIEW AND PRIORITIZE AGENDA ITEMS

In order to accommodate key stakeholders it was determined by Chair Jahn the order of agenda item number 6, Subregional Delegation Guidelines, and agenda item number 5, RHNA Subcommittee Meeting Schedule, will be switched and item number 6 will be heard first. There were no additional comments or changes regarding the agenda items.

CONSENT CALENDAR

Chair Jahn asked for a motion to accept the consent calendar. Hon. Darcy Kuezni offered the motion and it was seconded by Hon. Ginger Coleman. There were no objections. The following items were received and filed in the consent calendar.

1. Minutes of March 22, 2011 Meeting

INFORMATION ITEMS

2. Changes to Housing Element Compliance Requirements

Chair Jahn stated there have been several changes to housing element update requirements due to recent legislation, particularly SB 375. These changes affect the housing element update schedule, along with penalties for jurisdictions that do not submit a housing element on time and for those whose housing elements do not demonstrate an adequate sites and zoning analysis.

Chair Jahn stated the housing element planning period has been extended from 5 to 8 years to match the RTP cycle and the current housing element cycle will span 2013 through 2021. Although there is overlap between the two cycles, jurisdictions will be

required to submit a new housing element by October 2013. SCAG anticipates a final RHNA adoption in October 2012 and the corresponding housing elements are due by October 2013.

Chair Jahn stated that any local government that does not submit a housing element within 120 days after the statutory deadline will fall out of the 8-year cycle and instead must adopt a housing element every 4 years. For the 5th revision cycle, this would mean a jurisdiction that does not submit a housing element by February 2014 must adopt a housing element in 2017 and again in 2021.

Chair Jahn further noted additional measures affecting housing elements. 1) If a jurisdiction fails to rezone or identify sufficient sites, it will be required to carry over any leftover housing units in the first year of its next housing element update, in addition to meeting its assigned housing units for the next housing element cycle. 2) For jurisdictions that do not submit a housing element within 120 days after the due date, housing element updates revert to a 4 year cycle. 3) If the Department of Housing and Community Development (HCD) does not approve a housing element, the jurisdiction must redo the appropriate rezoning within 3 years after its adoption, or 90 days after it receives comments from HCD, whichever comes first.

There was discussion by the committee regarding the changes to housing element compliance requirements. As there were no further questions or comments, Chair Jahn concluded this information item.

3. AB 2158 and Local Planning Factors

Chair Jahn stated, as part of the RHNA process, SCAG is required by state housing law to conduct a survey of local planning factors that will be used to develop the RHNA methodology. These local planning factors, also known as the AB 2158 factors, surveys all local jurisdictions regarding their land use opportunities and constraints. The last survey was conducted in 2006 – 2007 for the prior RHNA cycle. Chair Jahn further noted a similar survey was conducted in January to March 2011 as part of the Sustainable Communities Strategy effort. This survey looked at local planning factors which correspond to the AB 2158 factors survey. The input is currently under review and will be used to assist development of AB 2158 surveys. SCAG staff anticipates conducting the AB 2158 factors survey in the summer months of 2011.

Chair Jahn stated some of the survey factors include: availability of land suitable for urban development, the loss of low-income housing units in assisted housing developments and lack of capacity for sewer or water service as well as housing units generated by the presence of a University. A full list of AB 2158 factors is provided in the Staff Report.

Chair Jahn requested comments from the subcommittee regarding the AB 2158 survey and led the committee through a discussion.

4. Draft RHNA Methodology Framework

Chair Jahn began this item by reading a statement of explanation of the RHNA methodology framework. Chair Jahn stated in order to meet the requirements of assessing existing housing need and help local jurisdictions in the SCAG region to prepare their housing element update, SCAG is committed to collaborate with other government agencies, stakeholders, and local jurisdictions to process census data, related housing statistics from other sources, and provide value-added information as required by housing law.

Before HCD can determine the total housing need and its allocation by income category in the SCAG region, Government Code outlines procedures to guide the consultation process between SCAG, California Department of Finance (DOF), and HCD in formulating a methodology to project ranges of population and household growth and their distribution for all economic segments.

In addition to further consideration of AB 2158 factors and vacancy rate adjustments the key policy consideration for this region is the Regional Fair Share over concentration adjustment. As required by housing law, housing planning needs to be coordinated and integrated with the 2012 RTP/SCS. To achieve this goal, the allocation plan shall allocate housing units within the region in a manner that is consistent with the development pattern included in the Sustainable Communities Strategy (SCS), and the SCS shall identify areas within the region sufficient to house an eight-year projection of the regional housing need pursuant to Section 65584.

Chair Jahn led the subcommittee through a discussion of this item. In response to the discussion, Joann Africa, Chief Counsel, recommended the committee review page 35 of the agenda packet for an example of allocation of needs by income category utilizing approved Fair Share Adjustment from the 4th cycle of RHNA plan.

ACTION ITEMS

5. Subregional Delegation Guidelines

Joann Africa, Chief Counsel, began by stating this item continues a discussion from the March 22, 2011 meeting regarding RHNA Subregional Delegation Guidelines. Ms. Africa stated based on that discussion SCAG Staff has put together a draft version of RHNA Subregional Delegation Guidelines for the subcommittee's review and comments. Ms. Africa explained the guidelines provide a definition and scope of a subregional entity, a sample resolution, sample delegation agreement as well as a timeline to be followed by those seeking subregional delegation.

Ms. Africa further stated the guidelines indicate a subregional entity must notify SCAG of its formation at least 28 months before the scheduled Housing Element update. In the case of SCAG's 5th RHNA cycle, notification by the proposed subregional entity must be provided to SCAG by June 30, 2011. Ms. Africa stated the next deadline to note is July 30, 2011. By that day SCAG will provide the subregional entity with Growth Forecast information as well as information regarding AB 2158 factors. It was further explained, by August 31, 2011, the subregional entity will enter into a delegation agreement. The resolutions will be approved by this date.

Ms. Africa further added by September 30, 2011 SCAG will provide the subregional entity with a Subregional Housing Need Determination. Additionally, by October 31, 2011, SCAG will release its proposed Regional Allocation Methodology, and the subregional entity is also expected to release its proposed Subregional Allocation Methodology as well. By December 31, 2011, the subregional entity will approve its final Subregional Allocation Methodology. This is also the last day for the subregional entity to terminate the Delegation Agreement and relinquish its delegation responsibilities.

Ms. Africa further stated the subregional entity would release its draft Subregional Housing Allocation plan by April 5, 2012, which is the same day SCAG will release its Draft RHNA Plan. Ms. Africa continued that in the Spring – Summer of 2012 the subregional entity will conduct revision requests and the appeals process. By August 31, 2012, the subregional entity will approve and submit to SCAG its Final Subregional Housing Allocation Plan. By October 4, 2012, SCAG will approve its final RHNA Plan which will incorporate the Final Subregional Housing Allocation Plan by the Subregional entity. The deadline for the updates of the Local Housing Elements will be October 31, 2013.

Ms. Africa stated one advantage of seeking subregional delegation is it exempts that subregion from any SCAG issued reallocation. Chair Jahn surveyed the committee for their comments and feedback.

It was determined this item will be reviewed further and revisited during the May 27, 2011 meeting. At that meeting there will be a proposed full recommendation to CEHD which will in turn make a full recommendation to the Regional Council. No action was requested from the subcommittee regarding this item.

6. RHNA Subcommittee Meeting Schedule

Chair Jahn stated the previously agreed upon meeting day of the third Tuesday of each month will not work for all participants. Chair Jahn surveyed subcommittee members on alternate meeting dates which would work best for the committee.

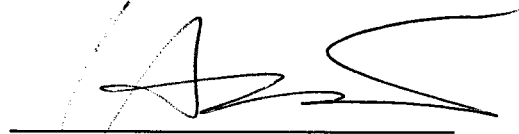
It was determined future meetings will be held on the 4th Friday of each month with the 2nd Friday of the month used as an alternate meeting date. Additionally, it was determined the next meeting will occur on Friday, May 27, 2011.

FUTURE AGENDA ITEMS

No future agenda items were discussed.

ADJOURNMENT

There being no further business, the Regional Housing Needs Assessment Subcommittee meeting adjourned at 12:10 p.m.



Huasha Liu
Director, Land Use and
Environmental Planning

REPORT

AGENDA ITEM #

2

DATE: May 27, 2011
TO: Regional Housing Needs Assessment (RHNA) Subcommittee
FROM: Ma'Ayn Johnson, Senior Regional Planner, 213-236-1975, johnson@scag.ca.gov
SUBJECT: RHNA Subcommittee Topic Outlook

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:

For Information Only – No Action Required.

EXECUTIVE SUMMARY:

The RHNA Subcommittee is tasked with discussing and recommending methodology and policies to guide the RHNA process.

STRATEGIC PLAN:

This item supports SCAG's Strategic Plan; Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective a: Create and facilitate a collaborative and cooperative environment to produce forward thinking regional plans.

BACKGROUND:

The RHNA Subcommittee is tasked with discussing and recommending RHNA methodology and policies to guide the RHNA process. Its recommendations are forwarded to the Community, Economic & Human Development Committee (CEHD) for further evaluation and recommendation to the SCAG Regional Council.

The attached outlook table is a summary of key policy and methodology issues that need to be addressed during the RHNA process, along with topics needed for action. The table is coordinated with the projected outlook for further discussion by CEHD and Regional Council. The tables will be amended as needed.

FISCAL IMPACT:

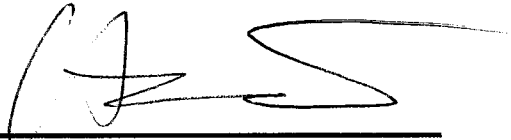
Work associated with this item is included in the current FY 10-11 General Fund Budget (11-800.0160.03:RHNA).

REPORT

ATTACHMENT:


1. RHNA Subcommittee topic outlook table

Reviewed by:



Department Director

Reviewed by:

 for

Chief Financial Officer

Draft RHNA Subcommittee Schedule (February 2011 to September 2012)

Meeting	Proposed Date	Subject	Action
1	February 23, 2011	Overview of RHNA Process; review RHNA Task Force recommendations; RHNA work plan and schedule; subregional delegation guidelines; evaluate issues between the DOF and Census projections; notification to HCD and Caltrans of RTP/SCS adoption date; discussion on Integrated Growth Forecast foundation	Approve charter; approve RHNA work plan and schedule; recommend to CEHD to notify HCD and Caltrans of RTP/SCS adoption date
2	March 22, 2011	Subcommittee Charter; subregional delegation	Approve the RHNA Subcommittee Charter
3	April 19, 2011	Changes to housing element requirements; AB 2158 factor discussion; draft RHNA methodology framework, Subregional delegation agreement	
4	May 27, 2011	Regional determination update; Social equity adjustment discussion; Subregional delegation agreement,	Provide direction on subregional delegation
4	June 24, 2011	Update on RHNA consultation with HCD; discussion on RHNA methodology (AB 2158 factors/survey; housing costs and appropriate vacancy rates; other)	
5	July 22, 2011	Continued discussion on methodology	
6	August 26, 2011	Continued discussion on methodology; review regional housing need determination from HCD	Recommend proposed RHNA methodology to CEHD and RC (guidelines on market demand and vacancy rates, fairshare adjustments, use of AB 2158 survey input)
7	September 23, 2011	Public hearing to consider requests for revision of the proposed allocation to delegated subregions	Review and determine revision requests of proposed allocation for delegated subregions
8	January 27, 2012	Discussion on trade and transfer agreement guidelines; RHNA revisions and appeals process guidelines	Recommend trade and transfer agreement guidelines; recommend RHNA revisions and appeals process guidelines
9	July 2012	Review submitted revision requests	
10	July 2012	Review submitted revision requests	Recommend to CEHD results of revision requests
11	Mid-September 2012	Hearing on appeals	
12	Mid-September 2012	Hearing on appeals	
13	Mid-September 2012	Hearing on appeals	
14	Mid-September 2012	Final meeting	Recommend to CEHD final appeals determinations

Draft RHNA Subcommittee Schedule (February 2011 to September 2012)

Proposed Date	Meeting	Action
March 3, 2011	CEHD	Approve Subcommittee charter; approve RHNA schedule and work plan
March – September	P&P TAC, Subregional Coordinators meetings input on RHNA methodology discussion from Subcommittee	
April 7	CEHD	Approve Subcommittee charter
April 7	Regional Council	Approve RHNA schedule
June 2	CEHD and Regional Council	Approve subregional delegation agreement
June 2	Regional Council	Approve Subcommittee charter
September 1	CEHD	Recommend release of proposed RHNA methodology
September 1	Regional Council	Public hearing on subregional allocation and determine share of housing need for delegated subregions
October 6	Regional Council	Public hearing on proposed methodology
November 3	Regional Council	Approve final allocation for delegated subregions
December 1, 2011	Regional Council	Hearing on final RHNA methodology
February 2 2012	CEHD	Approve trade and transfer guidelines; approve RHNA revisions and appeals process guidelines
March 1	Regional Council	Approve trade and transfer guidelines; approve RHNA revisions and appeals process guidelines
April 5	CEHD and Regional Council	Release of draft RHNA allocation
October 2012	CEHD	Approve proposed final RHNA allocation plan
October 2012	Regional Council	Public hearing on final RHNA allocation plan



City of Hermosa Beach

Civic Center, 1315 Valley Drive, Hermosa Beach, CA 90254-3885 Tel: (310) 318-0242

April 18, 2011

AGENDA ITEM # 3

Southern California Association of Governments
Regional Housing Needs Assessment Subcommittee
The Honorable Bill Jahn, Chair
818 West Seventh St., 12th floor
Los Angeles, CA 90017-3435

Subject: RHNA Process and Housing Element Law

Honorable Chair and RHNA Subcommittee Members:

The City of Hermosa Beach desires to address shortcomings of the RHNA process concerning demonstration of suitable sites for lower income households as applied to the City. After four submittals to HCD for Housing Element certification, the City finds its only option appears to be surrendering flexibility in use of its limited commercially zoned land and, to an extent, good land use planning in exchange for certification. The RHNA process, together with certain requirements of State law, are at the root of the problem in demonstrating suitable sites.

These issues are outlined as follows.

- The 1.3 square mile City is comprised of small lots and is essentially built-out; 75% of the city is currently zoned for residential uses, 14% is zoned commercial, 1% is manufacturing, and most of the remainder comprises public facilities. 36% of the city's zoned land (48% of residentially zoned land) is currently zoned for higher than the default density of 20 units per acre.
- Historical land use patterns resulted in a preponderance of small lots developed with single family summer homes. Private redevelopment of parcels containing single-family homes and replacement with small single or multi-family projects is an established pattern in Hermosa Beach; 208 new housing units were built during 2006-2008, all of which involved demolition and redevelopment of small parcels smaller than one-quarter acre. This pattern of replacement comprises virtually all "new development." The City's unrealistically large RHNA allocation (562 units of replacement) relative to its small size (1.3 square miles and virtually no vacant land) was apparently based on this pattern of small-scale redevelopment.
- The RHNA methodology treats this replacement housing in the same manner as new housing that serves new household growth, and assigns affordability by income levels to this replacement housing regardless of the fact that the housing being replaced was and continues to be market rate housing at prices that cannot sustain affordable housing development. This in turn creates an untenable situation because very small lot sizes and built-out conditions in Hermosa are at odds with the suitable sites criteria required to accommodate affordable housing projects.
- The Housing Element land inventory demonstrates that adequate sites zoned for residential uses at greater than the default density of 20 units per acre are available to meet the City's RHNA allocation; however, vacant sites have the potential to accommodate only eight lower-income units (of 240 units required). Such sites are primarily small scattered sites.
- The City lacks residentially zoned "suitable sites" to accommodate lower income housing and has proposed a lot consolidation program providing an incentive for consolidation. The City is unable to identify residentially zoned sites of sufficient size (accommodate at least 16 units) or contiguity and

ownership demonstrating feasibility for consolidation, physical and economic condition (underutilized, vacant or deteriorated), that can accommodate lower income affordable housing.

- The City has now proposed a program to rezone 71% of its total of 14 acres of commercially zoned land to allow affordable housing by right (without requiring a mixed use component) should a housing developer desire to develop it; otherwise the land may remain or be redeveloped for commercial uses. With the rezoning program, 85% of the land in the City will allow residential uses, with 46% of all land zoned to allow multi-family residential development at densities greater than the 20 units/ acre default density. Only 4% of land would remain within commercial and industrial zones that do not allow residential use.
- The City cannot comply with the requirement of state law that 50% of the "suitable" affordable housing sites be zoned for *exclusively* residential uses, together with the no net loss provision without rezoning additional commercial sites (which provide the only suitable sites) so that all commercial uses require a conditional use permit. This program is contrary to a sustainable community strategy or favorable jobs/housing balance and will diminish the economic value of these sites.

RHNA Methodology and Housing Element Remedies

- The RHNA methodology should not treat replacement housing for existing households in the same manner as housing that serves new household growth. The RHNA methodology should not allocate lower income need to replacement housing on sites that were never "suitable sites" and continue not to be suitable sites for lower income housing.
- Small cities with a predominance of small lots and replacement housing should not be required to demonstrate that each suitable site for lower income housing can accommodate at least 16 units.
- Flexibility in the requirement that 50% of lower income housing sites must be exclusively zoned residential concurrent with the 16 units per site in built-out small cities with a predominance of small lots.
- Zoning at the default density of 20 units per acres should be a criterion demonstrating suitability of land for lower-income replacement housing.
- Recognize a 'one size fits all' approach is counter-productive and significant delays in Housing Element certification means that program implementation is also delayed.

We look forward to working with SCAG to address these issues. Please contact me at (310) 318-0201 or Ken Robertson, Community Development Director at (310) 318-0240 if you have questions.

Sincerely,

Stephen R. Burrell
City Manager

cc:

Hasan Ikhata, Executive Director, SCAG
Huasha Lui, Director, Land Use and Environmental Planning, SCAG
Ma'an Johnson, Senior Regional Planner, SCAG
Jacki Bacharach, Executive Director, SBCCOG
Cathy Creswell, Acting Director, HCD

REPORT

DATE: May 27, 2011

TO: RHNA Subcommittee

FROM: Frank Wen; Manager, Research, Analysis and Information Services; 213-236-1854;
wen@scag.ca.gov

SUBJECT: Draft RHNA Consultation Packet to State Housing and Community Development Department (HCD)/Department of Finance (DOF)

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:

For Information Only – No action to be taken.

EXECUTIVE SUMMARY:

The Regional Housing Needs Assessment (RHNA) process as prescribed by Government Code Section 65584 et. seq., requires a consultation process between SCAG and the state Housing and Community Development Department (HCD)/Department of Finance (DOF) before HCD issues its final determination of regional total housing need for the SCAG region. SCAG staff has developed materials for the formal consultation process that outline matters to which SCAG will be presenting to HCD/DOF. These matters include regional population growth, growth on tribal lands, replacement need, and vacancy rates.

STRATEGIC PLAN:

This item supports SCAG's Strategic Plan, Goal 4: Develop, Maintain and Promote the Utilization of State of the Art Models, Information Systems and Communication technologies, Objective b: Develop, maintain and enhance data and information to support planning and decision making in a timely and effective manner.

BACKGROUND:

SCAG staff intends to begin this formal consultation process with HCD/DOF in mid-June and provides herein for the RHNA Subcommittee's information, the various matters to which SCAG will be presenting to HCD/DOF.

For the 5th Cycle of SCAG's Regional Housing Needs Assessment (RHNA) between January 1, 2011 and September 30, 2021, SCAG proposes a total regional housing needs allocation of 554,871 units (see, Table 2) among four income categories as shown in Table 4, for SCAG and delegated subregions (if applicable) to distribute among local jurisdictions. SCAG projects regional population will grow to 19,730,980 by September 30, 2021, an increase of 1,567, 316 people, or 8.6% from the 18,163,664 on 1/1/2011 estimated by DOF. The household growth and housing need associated with this projected population growth are estimated at 632,109 units.

As part of the consultation, SCAG will also present three specific matters for HCD/DOF's consideration:

(1) SCAG will discuss with HCD excluding from the regional total the population, household, and associated housing needs identified on tribal land within the SCAG region, currently estimated at about 3,898 households;

REPORT

(2) While SCAG staff will consult with HCD/DOF on appropriate data and methodology to estimate the “replacement housing allowance,” currently SCAG proposes to use the 0.7% rate—approved by HCD for SANDAG’s RHNA—to derive the SCAG region replacement need of 4,524 units.

(3) Based on projected household growth, the estimated healthy market vacancy allowance required for the RHNA projection period is 18,017 units. SCAG proposes that the final housing construction needs be further adjusted for “excess” vacant units in existing housing stock, subject to HCD approval. Staff proposes the SCAG be credited with a total of 95,880 vacant units—83,620 from “over supplies” in for sale and for rent units that are above the number of units required to maintain healthy market condition, and 12,260 units from “excess” in other category of vacant units.

FISCAL IMPACT:

Work on the Growth Forecast is programmed in the FY 2010-2011 SCAG Overall Work Program. The associated work elements are 11-055.SCG0133.01 and 11-055.SCG0133.05.

ATTACHMENTS:

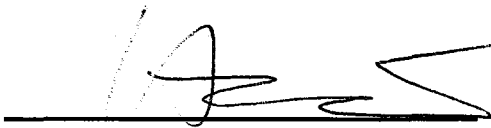
Attachment 1: Technical Appendix

Attachment 2: Prior HCD Efforts to Develop Consistent Regional Projection

Attachment 3: Household Distribution by RHNA Income Category Based on County Median Household Income (MHI) from American Community Survey (ACS) 2005-09 5-Year Average

Attachment 4: SCAG Region Vacant Units Statistics from 2010 Census Demographic Profile (Release on May 12, 2011)

Reviewed by:



Department Director

Reviewed by:



Chief Financial Officer

Attachment 1

Technical Appendix

Draft RHNA Consultation Packet to State Housing and Community Development Department (HCD)/ Department of Finance (DOF)

The Regional Housing Needs Assessment (RHNA) process as prescribed by Government Code Section 65584 et. seq. requires a consultation process between SCAG and state HCD/ DOF before the final determination of regional total housing needs in the SCAG region is issued by HCD.

Specifically, Government Code Section 65584.01 requires SCAG to prepare this information packet to start the consultation process with HCD and DOF:

“The department (HCD) shall meet and consult with the council of governments (SCAG) regarding the assumptions and methodology to be used by the department to determine the region's housing needs. The council of governments shall provide data assumptions from the council's projections, including, if available, the following data for the region:

- (A) Anticipated household growth associated with projected population increases.*
- (B) Household size data and trends in household size.*
- (C) The rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures.*
- (D) The vacancy rates in existing housing stock, and the vacancy rates for healthy housing market functioning and regional mobility, as well as housing replacement needs.*
- (E) Other characteristics of the composition of the projected population.*
- (F) The relationship between jobs and housing, including any imbalance between jobs and housing.”*

SCAG staff met with DOF and HCD staff on February 17, 2011, with the discussion focused on the headship rates—the propensity of different population groups (by age, gender, ethnicity, etc.) to form new households. After the meeting, SCAG and DOF staff further discussed methodology and data used to calculate headship rates, and reached a consensus on SCAG’s methodology of using appropriate headship rates to translate population growth to household growth. SCAG uses headship rates by ethnicity, gender, and age group from the 2005-2007 American Community Survey (ACS), benchmarked to the 2010 Census¹.

In addition to the data and growth forecasts assumptions listed above, SCAG also plans to consult with HCD and/or DOF on the following:

1. **Population and household growth on tribal land.** Since population and household growth on tribal lands are included in SCAG’s regional growth forecasts, but local jurisdictions do not have land use authority on tribal lands, SCAG proposes to exclude tribal population and household growth and associated housing needs from the RHNA process. However, SCAG may still collaborate with HCD and surrounding local jurisdictions, provide information on projected growth in population, households, and housing needs on tribal land, and engage tribal leaders to participate in the 2012 RTP/SCS and RHNA planning processes.

¹ Headship rates were initially based on 2005-2007 ACS data and then adjusted to control for total number of households from the

2. Replacement housing allowance and determination, including:

- a. Data
- b. Methodology to accurately estimate the appropriate replacement housing allowance
- c. Household income allocation for the replacement housing allowance

3. **Additional vacant units that can be applied towards housing construction needs.** Given the current depressed state of the housing market, the SCAG region as a whole and the majority of the local jurisdictions in the region show a much higher effective vacancy rate² than the healthy market vacancy allowance rate – the vacancy rate required to facilitate availability of units among owners and renters for normal market transactions. Moreover, the Census data also indicates a relatively high level of “other vacant” units’ share of total housing stock (normally hovering around 1.2%). While these units are not within the scope of effective vacancy rate calculation, portions of this housing stock can be reasonably assumed available for rent or for sale and counted towards meeting the housing needs and demand.

A. SCAG Integrated Growth Forecast for the 2012 RTP/SCS and RHNA

SCAG’s Integrated Growth Forecast is the foundation for 2012 RTP/SCS development and housing planning efforts. SCAG initiated the current Integrated Growth Forecasting process in May 2009. Through the 24-month process, the methodology, assumptions and results of SCAG’s Integrated Growth Forecasting reflected the incorporation of all the most recent socioeconomic data and statistics, including expert panel opinions, 2010 Census, American Community Survey (ACS) information, and input from all SCAG subregions, local jurisdictions, and major stakeholders.

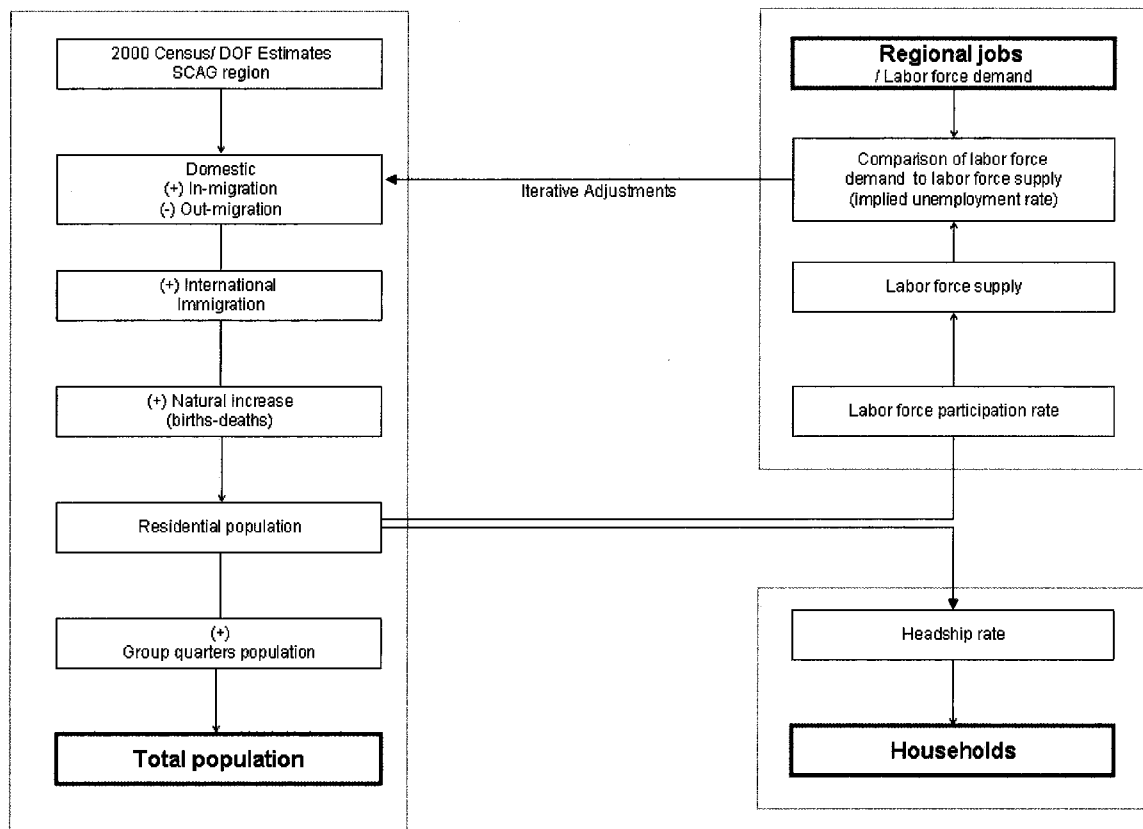
In addition, SCAG uses the best practices and procedures in conducting Integrated Growth Forecasts for the 2012 RTP/SCS and RHNA. First, the regional forecasts should maintain the **B**alance between employment, population, and households due to their interrelationship, assuming that employment growth is a driving force of regional population and household growth. This employment-population-household (EPH) forecast framework is shown in Figure 1. Second, the regional forecasts embrace forecast **U**ncertainty as evidenced by large gaps in population estimates between the Census Bureau and California Department of Finance. Third, SCAG incorporates the **L**atest demographic and economic assumptions to the extent possible. Finally, SCAG approaches development of growth forecasts in an **A**daptive and flexible way. Many demographic and economic statistics are unstable and quickly outdated, particularly in light of the current economic recession. SCAG collects updated information and regularly seeks advice through expert panel review. Through this “BULA” approach, SCAG is able to develop a realistic, accurate, and timely regional growth forecast.

This approach has been endorsed by MPOs across the state, DOF, HCD and Caltrans (See Attachment 2 on a regional forecasting task force convened in 2006 by Caltrans and HCD to “deliberate about a framework to achieve consistency in forecasts and projections in California to support the Regional Blueprint Planning Program and related regional planning processes”).

² Effective Vacancy Rate = (Vacant for sale + Vacant for rent) / (Household + Vacant for sale + Vacant for rent + Sold not occupied + rented not move in).

All key assumptions and results of SCAG’s Integrated Growth Forecast for the 2012 RTP/SCS and for the 5th Cycle of RHNA planning are presented in Tables 1, 2, and 3.

Figure 1 Employment-Population-Household (EPH) Forecast Framework



Employment Projection

Regional economic and employment projections are the foundation and major drivers of population growth forecasts. SB375 requires that regional population and household projections coordinate with and maintain a reasonable relationship with, employment projections. Amongst the requirements of a Sustainable Communities Strategy (SCS), are the following:

“Identify areas within the region sufficient to house all the population of the region, including all economic segments of the population, over the course of the planning period of the regional transportation plan taking into account net migration into the region, population growth, household formation and employment growth.”

“The region’s existing and projected housing need shall reflect the achievement of a feasible balance between jobs and housing within the region using the regional employment projections in the applicable regional transportation plan.”

Table 1 presents key technical indicators associated with the job projections of the Integrated Growth Forecast for the 2012 RTP/SCS. Like many other states and the rest of California, the SCAG region’s labor market has recently stabilized and job creation has come back slowly. SCAG projects that the region’s jobs

will grow by just under 14% between 2010 and 2020 and by about 22% between 2010 and 2035. This level of job growth, deemed conservatively optimistic, will support the forecasted level of regional population growth and underlying growth in the labor force. The SCAG region's unemployment rate is projected to decrease to about 7% by 2020 and reach a long-term equilibrium rate of 5% by 2035, down from the current level of almost 10%. The resulting population growth and household growth are consistent with the projected growth in employment and unconstrained (desired) demographic trends in headship rates, household size, labor force participation rates, and job housing relationship.

Table 2 shows SCAG's proposed population, households, and new housing unit need for the RHNA projection period between January 1, 2011 and September 30, 2021. SCAG projects regional population will grow to 19,730,980 by September 30, 2021, an increase of 1,567, 316 people, or 8.6% from the 18,163,664 on January 1, 2011, estimated by DOF. The household growth and housing need associated with this projected population growth, excluding those identified on the tribal lands (3,898 units) is estimated at 628,211. With an estimation of 18,017 units for vacancy allowance, 4,524 units for replacement allowance, and credits from "excess" vacant units in existing housing stock (95,880 units), **the total housing needs proposed by SCAG for the 5th Cycle of RHNA is 554,871 units for the projection period between January 1, 2011 and September 30, 2021.** Table 4 shows SCAG region housing needs allocation by four income categories based on the household income statistics from the 2005-2009 ACS (See Attachment 3 for detailed county/city level statistics).

B. Projected Growth on Tribal Lands

Table 4 and Map 1 provide an inventory of and projected growth of households on the federally-recognized Indian Tribal Land and Reservations ("Tribal Lands") in the SCAG region. One of SCAG's strategic goals is establishing a role for Native Americans in the regional planning and transportation investment process. Since 2005, representatives from the tribal governments in the SCAG region have served on Policy Committees and the Regional Council, and special efforts have been made through the Compass Blueprint planning initiative to establish a common growth vision that respects Indian reservations, sacred Tribal Lands and future community development needs. The people living on Tribal Lands are an important part of the community involvement needed to plan for future growth in Southern California and to prepare for their transportation and housing needs on sovereign tribal property. However, population and household growth identified on Tribal Lands should be subtracted from the rest of the region and limited to where local jurisdictions can exercise full responsibility of land use planning to accommodate the projected growth and housing need.

In addition, housing planning on tribal land—based on population and household growth—is not subject to local "General Plans" as required in housing law for other communities. This is why SCAG is seeking a slight downward adjustment based on the tribal land information provided in Table 5 below. Moreover, it should be noted that housing demand related to economic growth on Tribal Lands which will impact the region and subregions has been taken into account because this does have an impact on local General Plans. As to the growth on Tribal Lands, SCAG can work with HCD and surrounding communities to formally engage a cooperative and collaborative effort with tribal governments in the 2012 RTP/SCS and RHNA planning processes.

Proposed Recommendation to HCD: Population and household growth identified on Tribal Lands (3,898 units) should be subtracted from the rest of the region for SCAG's RHNA total housing need determination.

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Table 1. Key Indicators of SCAG Integrated Growth Forecast for 2012 RTP/SCS

	2010	2020	2035
Population	18,079,305	19,587,537	21,248,457
Households	5,853,196	6,460,609	7,019,881
Employment	7,224,674	8,217,674	8,782,774
Population Growth (%)		8.3	8.5
Household Growth (%)		10.4	8.7
Employment Growth (%)		13.7	6.9
Unemployment Rate (%)	9.6	7.1	5.0
Labor Force Participation Rate (%)			
NH White	62.3	60.8	57.1
NH Black	57.7	57.2	54.3
NH Asian & Others	59.2	58.6	54.4
Hispanic	59.7	61.6	59.0
Total	60.4	60.6	57.5
Median Age	34.2	35.2	37.1
Age Distribution (%)			
15 or less	23.0	22.3	21.4
16-64	66.1	64.0	60.4
65 or above	10.9	13.7	18.1
Total	100.0	100.0	100.0
Ethnic Composition (%)			
NH White	33.1	27.9	20.8
NH Black	6.9	6.5	5.9
NH Asian & Others	14.1	14.7	15.3
Hispanic	45.9	50.9	58.0
Total	100.0	100.0	100.0
Headship Rate (% , Benchmarked to 2010 Census)			
NH White	50.8	52.2	53.4
NH Black	49.1	51.6	52.3
NH Asian & Others	39.1	40.1	40.4
Hispanic	34.7	36.3	37.3
Total	42.1	42.6	42.3
Household Size			
NH White	2.31	2.24	2.17
NH Black	2.58	2.43	2.35
NH Asian & Others	3.09	2.96	2.89
Hispanic	4.01	3.76	3.55
Total	3.03	2.98	2.97
Components of Population Growth (Annualized figure)		2010-20	2020-35
Natural Increase		160,801	142,910
Net Migration		-13,156	-34,519
Total		147,645	108,391

Source: SCAG Integrated Growth Forecast for 2012 RTP/SCS

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Table 2

DRAFT Proposed Population, Households, and New Housing Unit Need: January 1, 2011-September 30, 2021				
1	Population: September 30, 2021 (SCAG Estimate):			19,730,980
2	<i>less: Group Quarters Population (SCAG estimate)</i>			-347,751
3	Residential (Household) Population:			19,383,230
4	Projected Households (See Table 3 for Calculation Procedure):			6,511,991
5	<i>less: Existing Households at Beginning of Projection Period (January 1, 2011)</i>			-5,879,882
6	Household Growth: 10.75 Year Projection Period (New Housing Unit Need)			632,109
7	<i>less: Household Growth on Tribal Lands (SCAG Estimate)</i>			-3,898
8	Adjusted Household Growth: 10.75 Year Projection Period (New Housing Unit Need)			628,211
9	Vacancy Allowance	Owner	Renter	Total
	Tenure Percentage	54.4%	45.6%	
	New Unit Need	341,747	286,464	628,211
	Vacancy Rate	1.5%	4.5%	
	Vacancy Allowance	5,126	12,891	18,017
10	Replacement Allowance	0.70%		646,228
				4,524
Regional Housing Need Determination (New Housing Unit Need)				650,751
11	<i>less: Excess Vacant Housing Units from Existing Housing Stock (SCAG Estimate)</i>			
	From Effective Vacant Units	Effective Vacant	Healthy Market	Net Credit
		251,362	167,742	-83,620
	Total Existing Housing Stock	6,332,089		
	From "Excess" Vacant Units: Others	Existing (1.3936%)	Normal (1.2%)	
		88,245	75,985	-12,260
				-95,880

Explanation and Data Sources

- Population:** Population reflects SCAG's September 30, 2021 projection consistent with Integrated Growth Forecasts for 2012 RTP/SCS & RHNA, and reflecting most recent socioeconomic data, statistics, and 2010 Census
- Group Quarter Population:** Figure is SCAG's estimate of persons residing in group home/institution/military/dormitory quarters. As this population doesn't constitute a "household" population generating demand for a housing unit, the group quarter population is subtracted from total population to derive household population or the number of persons generating a housing need for a owner or renter unit.
- Household Population:** The population projected to reside in housing units after subtracting the group quarter population from total projected population.
- Projected Households:** Projected households are derived by applying (to household population) estimated household formation rates or headship rates by ethnicity, gender, and age group from 2005-2007 ACS and benchmarked with 2010 Census as reviewed and agreed by DOF. *Household formation or headship rates reflect the propensity of different population groups (by age, gender, ethnicity, etc.) to form new households.*
- Existing Households:** This figure reflects DOF's estimate of "occupied" units at start of RHNA projection period of January 2011 (per DOF E-5 report released on April 30, 2011 by the Demographic Research Unit). Existing households are subtracted from projected households at end of RHNA projection period (September 30, 2011) to derive household growth.
- Household Growth:** This figure reflects projected household growth and need for new housing units.
- Household Growth on Tribal Lands:** Households identified on the tribal lands which are not subject to General Plan housing element update planning
- Adjusted Household Growth:** Adjusted household growth and new housing need projection subtracting household and housing need identified on Tribal Lands.
- Vacancy Allowance:** An adjustment (unit increase) is made to facilitate availability among owner and renter units. Owner/renter % is based on Census data (Demographic Profile released on May 12, 2011). A smaller rate is applied to owner units due to less frequent movement. Information from different authoritative sources support an acceptable range of 1-4% for owner units and 4-8% for renter units depending on market conditions. Evaluating current housing market condition and its potential lingering impacts on future market activities, SCAG proposes to use 1.5% for owner rate and 4.5% for renter rate, slightly lower than the rates of 2% and 5% used in the 4th RHNA Cycle, but more realistic and consistent with current and expected future housing market conditions, and within the acceptable ranges.
- Replacement Allowance:** Rate (0.7%) reflects housing losses localities annually reported to DOF each January for period from January 2001 to September 2011 (Currently use the rate approved by HCD for SANDAG RHNA).
- Excess Vacant Housing Units from Existing Housing Stock (SCAG Estimate):** There are two components: (1) Housing units for sale and for rent in existing housing stock that are above the housing units required to maintain the healthy market condition, and (2) Housing units in the "vacant units others" category of existing housing stock that are above the normal rate of 1.2%, and deemed "excess" according to trend analysis.

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Table 3 Household Projection Using Population Projection for 9-30-2021

Racial/ Ethnicity	Sex Age	2021 Residential Population	2010 Headship Rate	2021 Households
NH White	Male			
NH White	15-24	261,456	10.3710%	27,116
NH White	25-34	325,403	48.3205%	157,236
NH White	35-44	321,636	61.3125%	197,203
NH White	45-54	337,796	66.2101%	223,655
NH White	55-64	405,127	71.0333%	287,775
NH White	65-74	317,806	74.1923%	235,788
NH White	75+	220,112	75.5228%	166,235
NH White	Male Total	2,189,337		1,295,008
NH White	Female			
NH White	15-24	251,668	11.1106%	27,962
NH White	25-34	312,442	42.4550%	132,647
NH White	35-44	308,653	46.9232%	144,830
NH White	45-54	328,543	46.7267%	153,517
NH White	55-64	404,545	48.9550%	198,045
NH White	65-74	351,641	52.5953%	184,947
NH White	75+	315,265	63.1112%	198,967
NH White	Female Total	2,272,756		1,040,915
NH White	White Total	4,462,092		2,335,922
NH Black	Male			
NH Black	15-24	80,365	7.5828%	6,094
NH Black	25-34	86,920	38.3851%	33,364
NH Black	35-44	72,761	54.0148%	39,301
NH Black	45-54	64,197	59.0566%	37,912
NH Black	55-64	69,761	64.5745%	45,048
NH Black	65-74	48,083	70.7136%	34,001
NH Black	75+	28,263	70.8944%	15,682
NH Black	Male Total	450,350		211,403
NH Black	Female			
NH Black	15-24	77,018	12.0824%	9,306
NH Black	25-34	93,985	56.5884%	53,185
NH Black	35-44	82,081	63.5610%	52,171
NH Black	45-54	77,985	62.3795%	48,646
NH Black	55-64	86,535	66.9095%	57,900
NH Black	65-74	63,484	69.3839%	44,048
NH Black	75+	44,966	62.9813%	28,320
NH Black	Female Total	526,054		293,576
NH Black	Black Total	976,404		504,980
NH Asian & Others	15-24	165,566	8.4668%	14,018
NH Asian & Others	25-34	189,772	41.7621%	79,253
NH Asian & Others	35-44	185,910	59.7098%	111,007
NH Asian & Others	45-54	186,300	66.6540%	124,177
NH Asian & Others	55-64	178,730	65.6955%	117,418
NH Asian & Others	65-74	148,715	62.5862%	93,075
NH Asian & Others	75+	103,475	51.3454%	53,130
NH Asian & Others	Male Total	1,158,468		592,076

Source: SCAG estimates using 2005-2007 American Community Survey (ACS) benchmarked to 2010 Census

Table 3 (Continued) Household Projection Using Population Projection for 9-30-2021

Racial/ Ethnicity	Sex Age	2021 Residential Population	2010 Headship Rate	2021 Households
NH Asian & Others	15-24	161,617	9.5125%	15,374
NH Asian & Others	25-34	189,669	31.6941%	60,114
NH Asian & Others	35-44	199,596	34.4805%	68,822
NH Asian & Others	45-54	207,018	36.2122%	74,966
NH Asian & Others	55-64	197,188	31.4248%	61,966
NH Asian & Others	65-74	166,377	30.6507%	50,996
NH Asian & Others	75+	142,356	34.2711%	48,787
NH Asian & Others	Female Total	1,263,822		381,024
NH Asian & Others	Asian & Others, Total			
NH Asian & Others	15-24	327,182		29,392
NH Asian & Others	25-34	379,441		139,366
NH Asian & Others	35-44	385,507		179,828
NH Asian & Others	45-54	393,319		199,143
NH Asian & Others	55-64	375,918		179,384
NH Asian & Others	65-74	315,092		144,071
NH Asian & Others	75+	245,831		101,917
NH Asian & Others	Asian & Others, Total	2,422,290		973,100
Hispanic	Male			
Hispanic	15-24	842,326	6.8742%	57,903
Hispanic	25-34	842,125	37.9321%	319,435
Hispanic	35-44	685,795	54.2451%	372,010
Hispanic	45-54	600,582	59.4509%	357,051
Hispanic	55-64	441,216	59.7666%	263,700
Hispanic	65-74	228,107	60.8521%	138,808
Hispanic	75+	102,564	54.1425%	55,531
Hispanic	Male Total	3,742,715		1,564,439
Hispanic	Female			
Hispanic	15-24	785,913	7.6917%	60,450
Hispanic	25-34	784,777	32.5911%	255,767
Hispanic	35-44	638,088	37.7802%	241,071
Hispanic	45-54	578,549	39.3234%	227,505
Hispanic	55-64	453,808	38.6444%	175,371
Hispanic	65-74	270,781	39.0565%	105,758
Hispanic	75+	163,897	41.2621%	67,627
Hispanic	Female Total	3,675,813		1,133,550
Hispanic	Hispanic Total			
Hispanic	15-24	1,628,240		118,353
Hispanic	25-34	1,626,902		575,203
Hispanic	35-44	1,323,883		613,082
Hispanic	45-54	1,179,131		584,556
Hispanic	55-64	895,024		439,072
Hispanic	65-74	498,887		244,565
Hispanic	75+	266,461		123,158
Hispanic	Hispanic Total	7,418,528		2,697,989
All Ethnicity	Male			
All Ethnicity	15-24	1,349,714		105,131
All Ethnicity	25-34	1,444,219		589,289
All Ethnicity	35-44	1,266,102		719,522
All Ethnicity	45-54	1,188,875		742,795
All Ethnicity	55-64	1,094,835		713,941
All Ethnicity	65-74	742,711		501,672
All Ethnicity	75+	454,414		290,577
All Ethnicity	Male Total	7,540,869		3,662,926
All Ethnicity	Female			
All Ethnicity	15-24	1,276,216		113,091
All Ethnicity	25-34	1,380,874		501,713
All Ethnicity	35-44	1,228,418		506,894
All Ethnicity	45-54	1,192,095		504,635
All Ethnicity	55-64	1,142,076		493,282
All Ethnicity	65-74	852,283		385,748
All Ethnicity	75+	666,484		343,702
All Ethnicity	Female Total	7,738,445		2,849,065
All Ethnicity	All Ethnicity			
All Ethnicity	15-24	2,625,930		218,223
All Ethnicity	25-34	2,825,093		1,091,002
All Ethnicity	35-44	2,494,520		1,226,416
All Ethnicity	45-54	2,380,969		1,247,429
All Ethnicity	55-64	2,236,911		1,207,223
All Ethnicity	65-74	1,594,994		887,419
All Ethnicity	75+	1,120,898		634,279
All Ethnicity	Total	15,279,315		6,511,991

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Table 4 SCAG Region Housing Needs Allocation by Income Category

	Very Low	Low	Moderate	Above Moderate
Imperial	23.5%	16.5%	18.6%	41.4%
Los Angeles	25.3%	15.6%	16.8%	42.3%
Orange	22.9%	16.8%	18.5%	41.8%
Riverside	23.7%	16.5%	18.3%	41.5%
San Bernardino	23.3%	16.6%	18.4%	41.7%
Ventura	23.5%	16.5%	18.6%	41.4%
SCAG Region	24.4%	16.1%	17.5%	42.0%

Source: ACS 2005-2009

Table 5 Analysis of SCAG Region Households on Tribal Land

COUNTY	TRIBES	Code	Household					Household Growth		
			2000 Census	2010 Census	2008 Estimate	2020 Projection	2035 Projection	2000-10	2010-20	2020-35
Imperial	Fort Yuma Reservation*	1280	767	691	683	1,025	1,149	(76)	334	124
Imperial	Torres Martinez Reservation	4255	42	33	69	125	149	(9)	92	24
Riverside	Agua Caliente Reservation	20	11,834	13,868	13,862	16,303	20,688	2,034	2,435	4,366
Riverside	Augustine Reservation	125	-	-	-	-	-	-	-	-
Riverside	Cabazon Reservation	415	178	198	193	324	586	20	126	262
Riverside	Cahuilla Reservation	435	48	57	49	60	83	9	3	23
Riverside	Colorado River Indian Tribe Reservation*	735	117	106	100	183	347	(11)	77	164
Riverside	Morongo Reservation	2360	299	305	310	367	456	6	62	90
Riverside	Pechanga Reservation	2745	146	140	142	168	208	(6)	28	40
Riverside	Ramona Reservation	3070	-	3	-	-	-	3	(3)	-
Riverside	Santa Rosa Reservation	3525	19	25	26	35	62	6	10	26
Riverside	Soboba Reservation	3870	156	149	141	172	226	(7)	23	54
Riverside	Torres Martinez Reservation	4255	822	1,189	1,175	1,878	3,523	367	689	1,644
Riverside	Twenty nine Palms Reservation	4375	-	5	1	1	1	5	(5)	-
San Bernardino	Chemehuevi Indian Reservation	585	157	137	145	160	212	(20)	23	52
San Bernardino	Colorado River Indian Tribe Reservation	735	729	765	741	778	900	36	13	122
San Bernardino	Fort Mohave Reservation*	1235	82	81	64	77	101	(1)	(4)	24
San Bernardino	San Manuel Reservation	3445	24	33	24	27	31	9	(6)	4
San Bernardino	Twenty nine Palms Reservation	4375	-	-	0	0	0	-	0	0
	Total		15,420	17,785	17,727	21,683	28,721	2,365	3,898	7,038

* Tribal lands extend beyond the SCAG region, however figures reported are in the SCAG region only.
Source: Tribal data are based on 2000 and 2010 Census, and Draft 2012 RTP/SCS Growth Forecast.

C. Replacement Housing Allowance

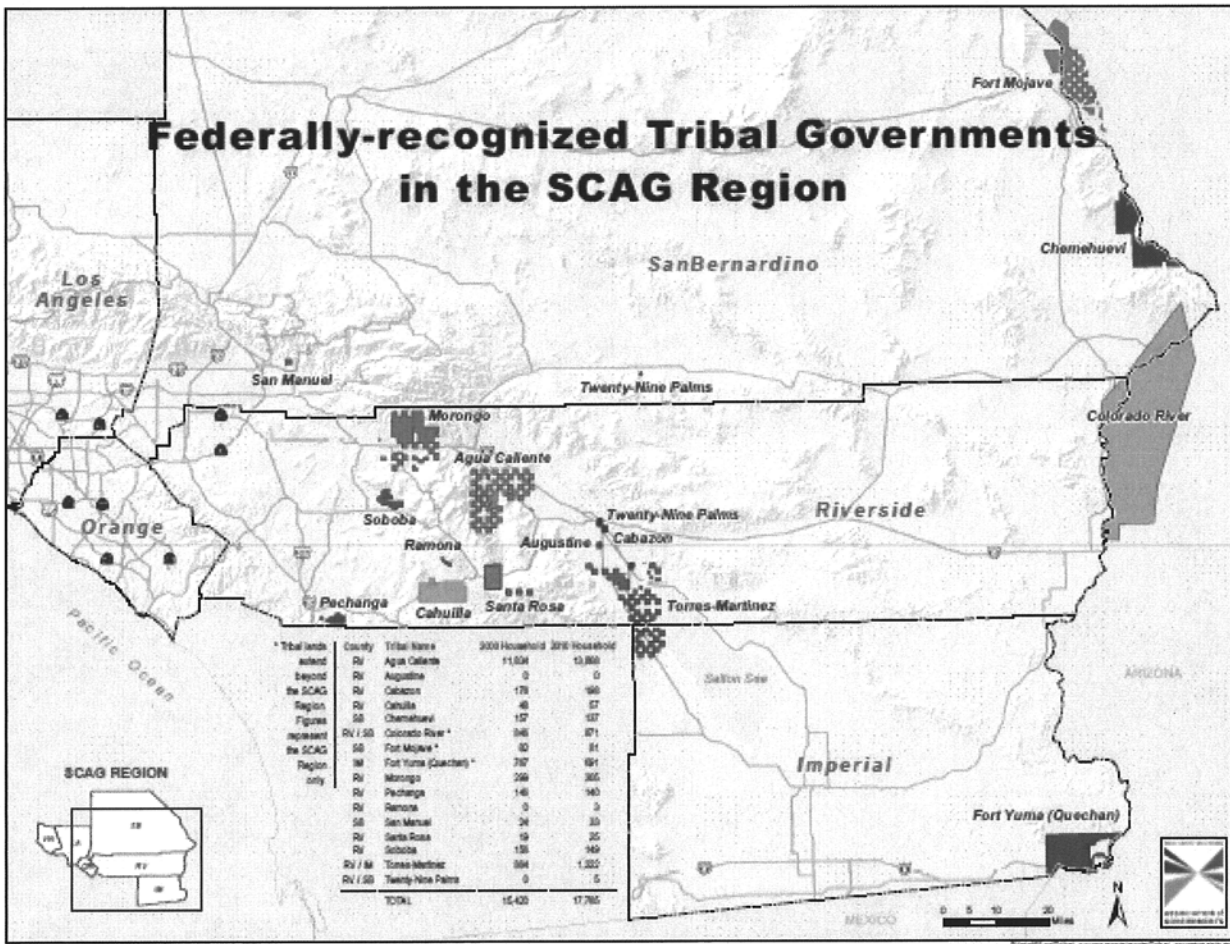
SCAG staff seeks to revisit the data and methodology used in the 4th Cycle of RHNA which utilized historical demolition data submitted by each local jurisdiction, to estimate the replacement housing allowance for the RHNA projection period. In addition to developing and using possibly more appropriate data (such as conducting survey of local jurisdictions) to determine the accurate number of replacement housing allowance for the RHNA, SCAG intends to consult with HCD regarding the reasonableness in treating replacement housing need in the same way as new housing units projected to accommodate future population/household growth, and use the same income allocation formula and subject to regional fair-share/over-concentration shift policy. The following is background information to facilitate further discussion and consultation.

REPORT

Background:

SCAG estimates future unit losses in the region's housing stock based on historical demolition data from DOF which is assumed to be a fair representation of housing inventory change due to mobile home removals, natural disasters (fires), reinvestment area recycling to higher density, age and tenure of the housing stock, or conversions (e.g., apartments to condos, a single family house to a professional health office, or multiple units converted into one unit., etc.)

MAP 1



At one time SCAG projections utilized the replacement rates recommended by HCD: 2% per decade, or 0.2% per year. However, when this rate was applied to each jurisdiction, it resulted in unrealistic estimates for many places, both for faster-growing areas with newer housing and in slower-growing established places that were not experiencing the recycling levels anticipated. For this reason, SCAG adopted a more tailored approach.

SCAG calculates future replacement need by looking back at the last 10 years of demolition permits for each jurisdiction, assuming that these demolished units are permanently lost and will require replacement. However, this approach raises the question, "How well does the DOF demolition data for the 2001 to 2010 period represent the potential "net" loss rates (capacity or housing units) for the 2010 to 2020 period in each

locality?" SCAG has received many arguments from local jurisdictions that majority of demolished or converted units were made up with subsequent new building permits and construction and, as such, result in net increase in both capacity and housing stock in many cases. In the 4th Cycle of RHNA, using DOF demolition permit data, the SCAG region replacement housing allowance assumed and approved by HCD was over 4% of total housing need. This replacement housing need and share of total construction need seems very high compared with the following rates recently approved by HCD in determining replacement housing allowance of total RHNA housing need for other regions: 1.39% (Butte County); 1.0% (Merced); 1.04% (San Louis Obispo) and 0.7% (SANDAG).

Moreover, SCAG staff sees the cases for a jurisdiction to identify suitable sites, especially for lower income affordable housing on vacant land that meets HCD's suitable site criterion of 16 units per site in built-out infill areas - with a predominance of small, expensive to develop lots - especially when high housing demand is expected to keep older units in service longer, particularly in smaller built out communities. This argues for a lower estimate of future housing unit loss than supported by historical data.

Proposed Recommendation to HCD:

- Pending further discussion (see below) and approval from HCD, SCAG proposes to use a 0.7% replacement allowance rate—same as the rate approved by HCD and used by SANDAG in its RHNA—to estimate the replacement housing need for the SCAG region.
- SCAG and HCD/DOF will discuss the following three issues during consultation process related to replacement housing allowance and determination:
 1. Data
 2. Methodology to accurately estimate the appropriate replacement housing allowance
 3. Income allocation for the replacement housing allowance
- SCAG should provide a draft estimate of replacement housing need to local jurisdictions based on the most recent 10 year set of DOF data and provide guidance on how to evaluate and review DOF data for accuracy and fitness for establishing a replacement housing goal for the locality.
- SCAG should then seek local input on a fair representation of housing unit losses to expect during the RHNA projection period of January 1, 2011 to September 30, 2021. Staff plans to start these two tasks in mid June and complete it by end of July.
- RHNA law did not envision the allocation of lower income need to replacement housing on sites that were never "suitable sites" and continue not to be suitable sites for lower income housing, nor should unrealistic requirements be placed on local governments to re-zone when it is not practical. SCAG requests that these matters be taken into account in HCD's land inventory review and criteria by providing flexible alternatives and options for local governments when they identify suitable sites in their own jurisdictions for lower income housing as part of the housing element update process.

D. SCAG Region Vacancy Analysis

Effective vacancy rate

Figure 2 shows the SCAG region's vacancy rate analysis using the 2010 Census Demographic Profile released on May 12, 2011. As indicated in the figure, the every SCAG region county showed a higher "effective" vacancy rate in existing housing stock as compared with the healthy market vacancy allowance required for future population and household growth. SCAG proposes that extra vacant units, above and beyond healthy market vacancy requirements from existing housing stock which are available for sale and for rent, be used as a credit to reduce total housing need projected for the 5th Cycle of RHNA. Using housing data from 2010 Census Demographic Profile (see Attachment 34), SCAG staff estimate that there were about 83,620 units of existing housing stock as of April 1, 2010 that can be used to meet the housing need and demand for future population/household growth and vacancy allowance.

"Other" Category of Vacant Units

Due to various reasons, there are relatively high levels of "vacant units other" in the existing housing stock (Figure 3). These units are built but, for some reason, unavailable for sale or rent at current time. "Vacant units others" are not used up over time, but are a constant proportion of all housing units from year to year. They are expected, in normal times, to rotate into the vacant and available categories—for sale or for rent—by the end of RHNA projection period in September 2021, and then into the occupied housing unit count. Historical trend analysis of vacant units other's share of total housing stock as evidenced by housing data from 1980 through 2010 Censuses indicates that 1.2% can be defined as a normal rate of existing housing stock in the vacant housing units others category. As such, "excess and beyond" can be measured as vacant housing units other's share of total housing stock that exceeds 1.2%.

SCAG proposes that this "excess" of the vacant unit other inventory be used to offset future demand since the units will rotate into the vacant and available category during the course of the forthcoming RHNA projection period. These units constitute a component of change or conversion in the housing stock that allows future demand to be met without new construction. This reserve of units should be credited toward addressing future housing need as it represents an untapped inventory that, because of temporary conditions, is currently off the market (legal dispute, foreclosure, pending conversion, awaiting renovation, dilapidated, held off the market, etc.). As market demand returns or market conditions turn positive, these units can be expected to be released and made available for sale or rent.

Proposed Recommendation to HCD:

SCAG proposes an additional modest adjustment to RHNA construction need using existing excess "Vacant units others" identified by housing data from the 2010 Census—two tenths of one percent (0.2%) of existing housing stock. Using housing data from the 2010 Census Demographic Profile, SCAG staff estimate that there were about 12,260 units of vacant units others in existing housing stock as of April 1, 2010 that are deemed "excessive—above 1.2%" and can be used to meet the housing need and demand for future population/household growth (See Attachment 4).

Figure 2

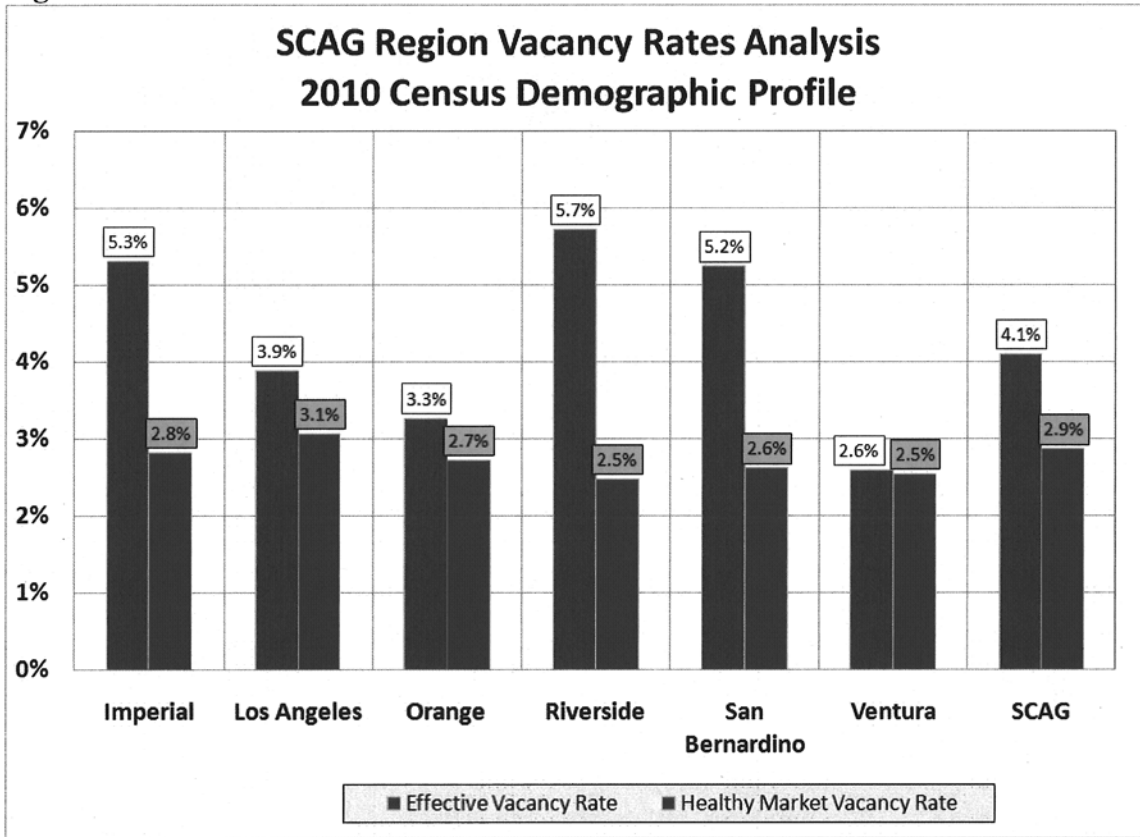
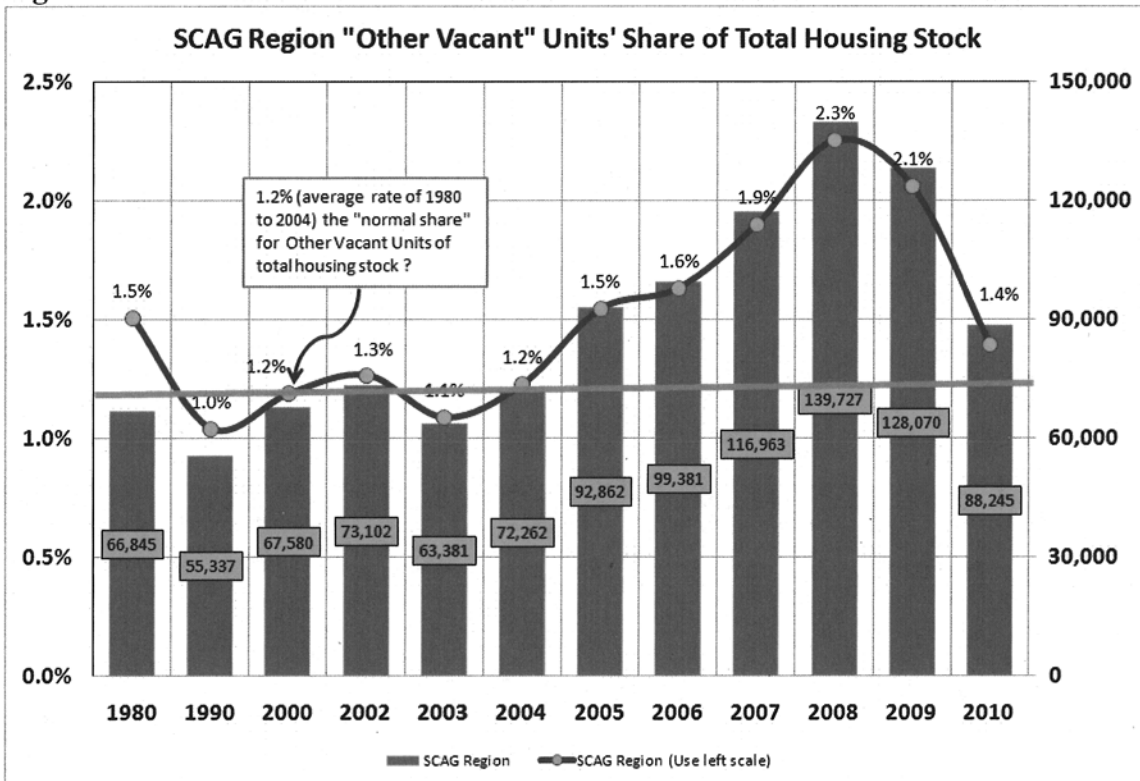


Figure 3



Attachment 2

CENTER FOR CONTINUING STUDY OF THE CALIFORNIA ECONOMY

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DATE: April 21, 2011

TO: Hasan Ikhata, Mike McKeever and Ezra Rapport

FROM: Stephen Levy

SUBJECT: Prior HCD Efforts to Develop Consistent Regional Projections

There is historical precedent with HCD and DOF for two key points in the best practice methodology report prepared by CCSCE for the three regional planning agencies.

Consistent Regional Projections in California

In 2006 a regional forecasting task force was convened by Caltrans and HCD to “deliberate about a framework to achieve consistency in forecasts and projections in California to support the Regional Blueprint Planning Program and related regional planning processes.”

The recommendations memo and methodology chart are attached. Here is a summary of the common regional projection methodology recommendation. The main points are identical to the best practice framework outlined in the CCSCE report and used by all three agencies.

Attachment 1¹

Common Regional Projection Methodology

National Projections

Projections of U.S. population and job growth drive the regional models. This is required to account for national immigration projections as well as to base regional economic projections on the growth of jobs and income at the national level, including the projection of overall productivity growth.

Jobs are a Driving Variable for Regional Projections

This is the basic theoretical foundation of regional projections. Regions with above-average job growth attract people. Regions with below-average job prospects have slower population growth as people migrate to regions with better opportunities.

¹ Adapted from 7-29-06 Memo from Steve Levy, Center for Continuing Study of the California Economy.

Jobs are Projected by Industry

Not all industries grow at the same rate. Regions will grow faster if they have a strong competitive position in fast-growing industries. Regional job growth depends on which industries are poised for strong growth nationally and how each region will fare in those industries.

Population Projections are Based on a Cohort-Component Net Migration Methodology Tied to Job Growth

The critical component of these models is that they tie projections of working-age population to projections of job growth through balancing projected labor force supply with projected demand and adjusting the domestic migration assumption accordingly. All the models use fertility, mortality and international immigration assumptions.

Household Projections Use Household Formation Rates

This is essential for household projections. The key variable in developing housing projections and policy are the assumptions made about future household formation rates. Projected households are calculated by multiplying the projected household population by age and ethnic status by headship rates. Headship rates are the number of householders of a particular classification, e.g., age cohorts and ethnicity, in a particular year divided by the household population of that classification.

This is important to reflect the changing age structure of the population to capture key influences such as the effect of the aging “baby boomers” and to incorporate variation by ethnicity in variables like fertility rates. In regions with large growing Hispanic populations, for example, trends in Hispanic household formation rates are particularly important.

Assumptions Can Vary

There are no “right” assumptions. National projections can vary. Assumptions may differ about regional job growth, fertility, labor force behavior and household behavior. The components above, however they are done, allow the best chance to have meaningful discussion about the foundation of regional projections so they do not appear to come out of a black box and so citizens can come to a meeting and not be told, “well, that is what the model said” but instead, for example, understand how assumptions about Latino household behavior affect regional housing projections.

DOF Solicitation of Regional Input on Migration Assumptions

The DOF explanation of their population projection methodology explicitly reports that local agency input, where available, is used for projecting migration. The following quote is from the July 2007 documentation of the latest DOF county population projections.

“Migration

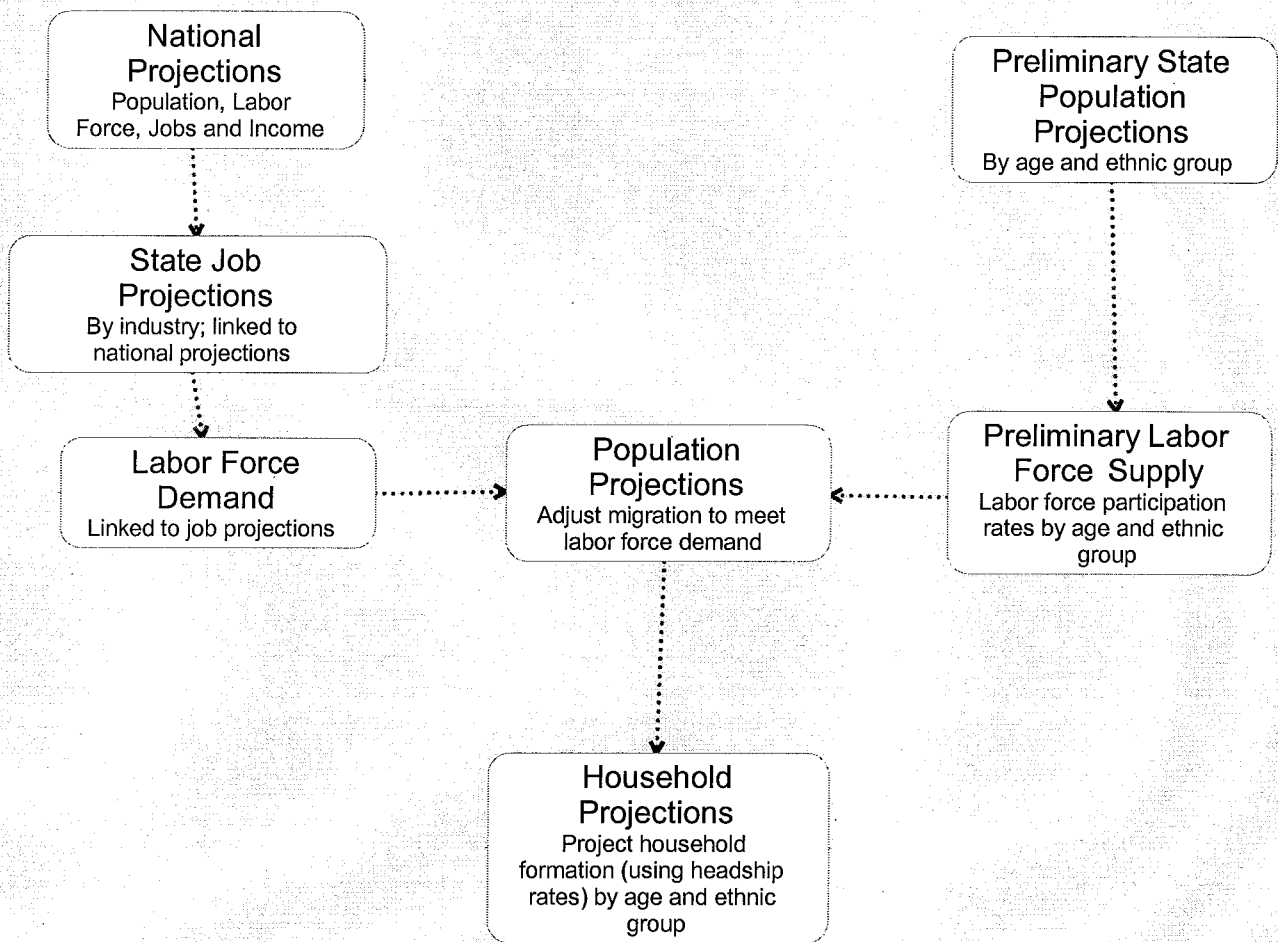
The Department of Finance relied on the expertise of local agencies to assist in the development of local area migration assumptions.”

Going Forward

One implication of these two pieces of history is that going forward DOF can agree to develop population projections based on the jobs-based migration projections from the regional planning agencies.

While the HCD task force recommendations did not proceed into any formal action, they represent a clear statement of intent and agreement that the approach used by SACOG, ABAG and SCAG represents a best practice approach to developing consistent regional projections in California.

Common Methodology for Regional Projections



9/1/2006

Regional Forecasting Task Force

Proposed Framework for Projections and Forecasts Consistency to Support Regional Planning Processes August 2006

Introduction

During July and August the Regional Forecasting Task Force (Task Force) was convened by Caltrans and the Department of Housing and Community Development (HCD) to deliberate about a framework to achieve consistency in forecasts and projections in California to support the Regional Blueprint Planning Program and regional transportation and regional housing need allocation (RHNA) planning processes. This proposal resulted from those deliberations. Participants in the Task Force were unable to seek the approval of their respective agencies within the short time period of the Task Force meetings. This proposal represents the best thinking of the Task Force as a whole at this time. Individual participants may not fully agree with each of the proposals. References made to Metropolitan Planning Organizations (MPOs) are also intended to apply to councils of governments (COGs).

Framework

The Task Force agrees that consistency in the use of projections and forecasts to help guide infrastructure investment and other decisions is necessary for effective and efficient infrastructure, land-use, and housing planning. The Task Force agrees that this requires a continuing effort with collaboration among MPOs and between MPOs and State agencies. Developing improved consistency is an iterative process that permits MPOs and State agencies to learn from each other's experiences and improve projections and forecasting accuracy and reliability. The Task Force also agrees that the effort requires appropriate resource allocation by MPOs and State agencies to enhance the technology and support interagency collaboration to improve the methodology and its application to State, regional, and local decision making. The Task Force recommends the following framework to achieve consistency in projections and forecasts:

1. **State Projections:** The State should make available and maintain consistent Statewide and county economic and demographic projections for at least the next 20 years. The Statewide projections should be developed in a manner consistent with DOF's population estimates and projections which must be used by State agencies, and should also accommodate the major elements incorporated in the large MPO projection methodologies (see Attachment I). The State should make publicly available the key results and assumptions of Statewide long-term economic and demographic projections in at least five-year increments. These projections should be considered by MPOs in their projections and forecasts processes and may be used by agencies without independent technical expertise.

2. **Transparency of Models and Their Assumptions:** The Task Force believes that transparency in modeling is essential to collaboration and to achieving long range consistency of forecasts. MPOs should be transparent about their assumptions regarding the relationships of projected population, employment, and housing, and about assumptions regarding spill-over into adjacent regions, among other assumptions. Descriptions of the models, methodologies, and assumptions should be accessible, aim to be understandable to a wide range of audiences, and posted on the internet.
3. **Consultation with State Agencies:** MPOs should actively consult with DOF in the development and revision of their assumptions, methodologies and models. Examples of assumptions which should be examined include, but are not limited to, the demographic components of population change such as the aging of the population and migration. The effects of the aging baby-boomers/retirees is an increasingly critical factor that must be accounted for in a manner that traditional job-driven forecasting doesn't address – an increasing portion of the non-labor force portion of the population will represent housing demand.
4. **Policy Factors:** MPOs should describe all discretionary or policy-based assumptions and factors incorporated in their forecasts, including the currency of existing land-use plans and policies used in their models, and assess the impact of these factors or assumptions on regional growth forecasts or projections. Within the framework of a regional comprehensive plan or regional blueprint planning process, MPOs should assess the implications of existing "base case" land-use plans, and evaluate implications for addressing regional growth and the regional housing need allocations (RHNA's). The regional plans should consider alternatives for more sustainable outcomes, such as lower projections of vehicle miles traveled, a greater mix of housing types, or more compact development; these may require updating of, or changes in, local land-use plans. Existing land-use patterns which include limited multifamily zoned land, for example, should not be the basis for limiting the amount of projected growth in a region.
5. **Land-Use and Related Local Policy Constraints:** Local policy-based zoning and land-use regulatory constraints such as restrictive density caps (e.g., mid-point density standard) and direct residential growth controls or moratoria should not be incorporated as a basis for constraining the regional forecasts or projections for housing. Such constraints are prohibited for regional housing needs projections (Government Code Section 65584.04(f)).

6. **Interregional Coordination**: MPOs identified here should develop procedures for on-going coordination with adjacent MPOs relating to projections and forecasting models and outcomes. MPOs will use these procedures to reconcile the interregional effects of the respective projections and forecasts. These coordination procedures should be formalized, preferably in an MOU signed by the leadership of the respective MPOs. The MOU should include, at a minimum, the elements of the framework suggested in Attachment II.

The following regions are a high priority for developing interregional coordination:

- The eight counties within the San Joaquin Valley from San Joaquin south to Kern (SJV Counties). A Preliminary Draft MOU including the types of agreements under consideration by this region is attached for illustrative purposes only;
- Sacramento Association of Governments (SACOG) and Association. of Bay Area Governments (ABAG);
- ABAG and the SJV Counties;
- ABAG and Mendocino and Lake Counties;
- ABAG and the Ass'n. of Monterey Bay Area Governments (AMBAG);
- San Luis Obispo COG (SLOCOG) and Santa Barbara Association of Governments (SBCAG);
- Southern California Ass'n. of Governments (SCAG) and SBCAG;
- SCAG and Kern COG; and
- SCAG and San Diego Association of Governments (SANDAG).

7. **Large MPOs Consistent Methodological Frameworks**: Large MPOs should follow a consistent framework for their regional scale projections and forecast models as shown in Attachment I.

8. **Rural Counties Consistent Methodological Frameworks**: The Task Force recognizes that rural counties do not have the resources to develop their own projections and forecasts. The Task Force also recognizes that rural counties have unique factors such as urban development pressures on rural counties from metropolitan areas, the emphasis on economic development, and the consideration of recreational users.

Caltrans, HCD and DOF should consult with rural counties to assist them in addressing such issues in their forecasting. In order for rural areas to contribute to the Statewide projections and forecasts effort, technical assistance should be coordinated with Caltrans for traffic modeling and transportation needs forecasting. The Caltrans Division of Transportation System Information has agreed to assist rural agencies by coordinating communication between the rural agencies and the Caltrans district offices. The details of the coordination and administrative processes were discussed by Caltrans and representative of some rural agencies. A draft process will be

developed from this discussion and presented to the rural counties through the Rural Counties Task Force, the Regional Council of Rural Counties, and other appropriate forums during September. HCD will provide housing projections to rural counties as required by the Government Code for the regional housing needs process or upon request.

9. **Small MPOs Consistent Methodological Frameworks:** The Task Force recognizes that the use of projections and forecasting models by small or single-county MPOs is evolving. As they evolve, they should be reconciled with the overall strategy for assuring consistency. In the interim small MPOs may either use the framework for large MPOs in Attachment I or use the State projections provided by DOF and Caltrans. If a small MPO chooses to propose an alternative to either of these it should submit the proposal to the State's Technical Advisory Committee (STAC) to resolve any inconsistencies before finalizing the proposed projections and forecast methodology. The Task Force recognizes that small MPOs may need financial assistance to adapt their methodology to be consistent with that of the larger MPOs.
10. **State Technical Advisory Committee:** The State should convene an on-going technical advisory committee to assist in assessing technical issues and resolving inconsistencies among projections and forecasting models. The STAC should include technical representatives of DOF, HCD, Caltrans, each large MPO, two representatives for small MPOs, two representatives for rural counties, and any independent experts suggested by the other members of the STAC. The STAC should report to the Secretary of BTH, who should make appointments to the Committee.

The STAC should address these issues:

- A. Review of MPO models and assumptions and of State models to enhance and maintain consistency of projections and forecasts across the State and across functional areas including transportation and housing.
- B. Review of interregional coordination procedures to recommend changes to improve interregional coordination of projections and forecasts.
- C. Recommendations to reconcile differences in timing of updates to projections and forecasts.
- D. Review of small MPO proposed models that differ from either State projection and forecast models or the large MPO methodological framework to assure consistency of the overall State projections and forecasting activities.
- E. Review of new technological development in projections and forecasting methods to recommend changes in the overall State projections and forecasting activities to improve projections and forecasting and maintain consistency.

- F. Review the assumptions within MPO projections and forecasting models and recommend resolution of any disputes.
- G. Work with MPOs and State agencies to experiment with and decide on the application of models that incorporate land-use and economic decisions into forecasting such as the PECAS Model H. Undertake any technical advisory activities that the BTH Secretary may from time to time request.

Attachment I¹

Common Regional Projection Methodology

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Attachment II
Regional Forecasts and Projections
Interregional Dialogue and Cooperation
Memorandum of Understanding Framework
August 16, 2006

Introduction and Principles

The main purpose of the memorandum of understanding (MOU) is to improve the projections of employment, housing, and population growth throughout California. The technical processes and the decision making impacts of these projections will be improved by increasing the communication among the parties of the MOU.

The focus of the MOU is not on the models and forecasting techniques but on the data sources, general technical assumptions, and policy issues/decision making that the projections are applied to.

Each region's and State agency's technical processes will include its own details on the structure and data based on need and availability.

From this starting point each region and State agency will contribute its projections into a clearinghouse that is designed for comparison of input data, assumptions, and output data.

Where appropriate, agencies when preparing forecasts should coordinate, share information and seek stakeholder participation from agencies of adjoining counties or regions outside their political jurisdiction, but which are affected by interregional/bi-national activities such as goods movement and commuting patterns.

Technical Assumptions

Growth projections are based on the assumption that the economy of the nation, State and its regions are important drivers of growth of population and housing.

Each region has unique economic sectors that are its primary growth "engines" (both present and future).

Demographics and local government land supply policies are important, but not exclusive factors in the type and location of housing growth.

Data Issues

National and State data on economic sectors, demographics and migration will be referenced in the clearinghouse.

Assumptions and conclusions on these data in the projection processes will be included to assist in comparative analyses.

Local data that is collected and applied to projections will be summarized.

If these data are available in geographic information systems format, the MOU members will contribute them to the clearinghouse. The geographical information system (GIS) data will be compatible with the Caltrans Statewide travel model.

Policy Issues

The MOU's purpose is to facilitate the regional and State policy discussions on transportation, housing, and related issues that the MOU members are currently addressing. By having the clearinghouse available, the members will strive to improve these policy discussions not divert attention to technical details.

Each member's contribution to the clearinghouse will include a summary of policy issues addressed and the decisions reached through the use of the projections. It is also hoped but not assumed that the members will also contribute an assessment of the relative importance of the projections to the decision compared to other factors important to the decision-makers.

Revisions and Updates

As the data, technical processes, and policy issues change the needs of cooperation addressed in the MOU will change. Given that, any member of the MOU may propose an amendment at any time. Concurrence of all the members is required to amend the MOU. Therefore it is urged that amendments be as broad as possible while meeting the purpose of the amendment.

**Participants in the Regional Forecasting Task Force Meetings*
July – August 2006**

Dave Booher	Facilitator
Paul Fassinger	Association of Bay Area Governments
Todd Muck	Association of Monterey Bay Area Governments
Jeff Tayman	San Diego Association of Governments
Rupinder Singh	Metropolitan Transportation Commission
Chuck Purvis	Metropolitan Transportation Commission
Gordon Garry	Sacramento Area Council of Governments
Simon Choi	Sacramento Area Council of Governments
His-wa Hu	Southern California Association of Governments
Kathy Chung	Council of Fresno County Governments
Clark Thompson	Council of Fresno County Governments
Tony Boren	Council of Fresno County Governments
Bill Larsen	Kern County Councils of Governments
Anthony Zepeda	San Joaquin County Council of Governments
Michael Zeller	Transportation Agency for Monterey County
Lisette Knight	San Benito County
Mary Dirkuhn	San Benito County Council of Governments
Jeff Schwein	Lumos Associates (for Trinity County)
Erin Gold	Tuolumne Co. Regional Transportation Planning Agency
Steve Levy	Center for Continuing Study of the Calif. Economy
Dowell Meyers	USC's School of Public Policy & Planning
Mike McCoy	UC Davis, Information Center for the Environment
Mary Heim	Department of Finance's Demographic Research Unit
Rani Isaac	Franchise Tax Board
Joan Sollenberg	Caltrans
David Saia	Caltrans
Mahmoud Mahdavi	Caltrans
Robert Copp	Caltrans
Terry Parker	Caltrans
Greg Miyata	Caltrans
Juven Alvarez	Caltrans
Cathy Creswell	State Housing and Community Development
Glen Campora	State Housing and Community Development
Anda Draghici	State Housing and Community Development
Webb Sprague	State Housing and Community Development
Linda Wheaton	State Housing and Community Development

* Participants attended 1-3 meetings held July 18, 26 and August 9, 2006.

Attachment 3 Household Distribution by RHNA Income Category Based on County Median Household Income (MHI) from American Community Survey 2005-09 5-Year Average

COUNTY	SUBREGION	CITY	Household	Household- Extreme low Income	Household- Very low Income	Household- Lower Income	Household- Moderate Income	Household- Above Moderate Income	Household- Extreme low Income	Household- Very low Income	Household- Lower Income	Household- Moderate Income	Household- Above Moderate Income	Sub-Total: Low Income Group
DRAFT	25	IMPERIAL VALLEY ASSOCIATION OF GOVERNMENTS	Brawley city	6,922	920	1,062	1,053	1,088	2,799	13.3%	15.3%	15.2%	15.7%	43.8%
	25	IMPERIAL VALLEY ASSOCIATION OF GOVERNMENTS	Calexico city	10,130	1,285	1,302	1,869	1,735	3,939	12.7%	12.9%	18.5%	17.1%	44.0%
	25	IMPERIAL VALLEY ASSOCIATION OF GOVERNMENTS	Calipatria city	938	95	89	152	140	482	10.1%	9.5%	16.2%	14.9%	35.8%
	25	IMPERIAL VALLEY ASSOCIATION OF GOVERNMENTS	El Centro city	13,861	1,607	1,855	1,996	1,967	5,956	12.1%	14.0%	14.3%	14.8%	44.8%
	25	IMPERIAL VALLEY ASSOCIATION OF GOVERNMENTS	Holtville city	1,636	167	210	333	267	659	10.2%	12.8%	20.4%	16.3%	40.3%
	25	IMPERIAL VALLEY ASSOCIATION OF GOVERNMENTS	Imperial city	557	224	257	497	556	2,257	5.9%	6.8%	13.1%	14.7%	25.8%
	25	IMPERIAL VALLEY ASSOCIATION OF GOVERNMENTS	Westmorland city	9,169	85	115	104	76	177	15.3%	20.6%	18.7%	13.6%	31.8%
	25	IMPERIAL VALLEY ASSOCIATION OF GOVERNMENTS	Unincorporated	46,404	1,079	1,563	1,426	1,347	3,954	11.8%	14.9%	15.6%	14.7%	43.1%
			Imperial County, Total		5,462	6,253	7,390	7,176	20,183	11.8%	13.5%	15.9%	15.5%	44.0%
	37	NORTH LOS ANGELES COUNTY	Lancaster city	42,930	7,174	5,026	6,471	8,098	15,261	17.1%	12.0%	15.4%	19.3%	36.3%
	37	NORTH LOS ANGELES COUNTY	Palmdale city	37,758	4,398	4,248	6,241	7,115	15,756	11.6%	11.3%	16.5%	18.8%	41.7%
	37	NORTH LOS ANGELES COUNTY	Santa Clarita city	55,002	3,635	3,766	5,495	7,826	34,280	6.6%	6.8%	10.0%	14.2%	62.3%
	37	NORTH LOS ANGELES COUNTY	Unincorporated	47,861	3,648	3,550	6,088	7,058	27,517	7.6%	7.4%	12.7%	14.7%	27.8%
			Subregion, Total	182,651	18,855	16,590	24,295	30,097	92,834	10.3%	9.1%	13.3%	15.5%	50.8%
	37	CITY OF LOS ANGELES	Los Angeles city	1,298,350	216,161	168,505	215,400	210,577	487,707	16.6%	13.0%	16.6%	16.2%	37.6%
37	CITY OF LOS ANGELES	San Fernando city	5,951	702	794	1,128	1,378	1,949	11.8%	13.3%	19.0%	23.2%	32.8%	
37	CITY OF LOS ANGELES	Unincorporated	5,845	1,065	968	1,158	1,117	1,537	18.2%	16.6%	19.8%	19.1%	26.3%	
		Subregion, Total	1,310,146	217,928	170,267	217,686	213,072	491,193	16.6%	13.0%	16.6%	16.3%	37.5%	
37	ARROYO VERDE/DO	Burbank city	40,504	4,219	3,878	5,820	7,517	19,070	10.4%	9.6%	14.4%	18.6%	47.1%	
37	ARROYO VERDE/DO	Glendale city	72,149	11,108	8,354	10,575	11,973	30,139	15.4%	11.6%	14.7%	16.6%	41.8%	
37	ARROYO VERDE/DO	La Canada Flintridge city	6,775	228	276	457	551	5,283	3.4%	4.1%	6.7%	8.1%	14.2%	
37	ARROYO VERDE/DO	Unincorporated	7,216	541	420	745	1,222	4,288	7.5%	5.8%	10.3%	16.9%	23.6%	
		Subregion, Total	126,644	16,096	12,928	17,597	21,263	58,760	12.7%	10.2%	13.9%	16.8%	46.4%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Alhambra city	29,086	3,676	3,932	5,207	5,420	11,451	12.6%	11.5%	17.9%	18.6%	39.4%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Arcadia city	18,936	1,843	1,903	1,904	2,955	10,991	9.7%	6.9%	10.1%	15.6%	26.7%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Azusa city	13,065	1,601	1,573	2,175	2,711	5,005	12.3%	12.0%	16.6%	20.8%	40.9%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Baldwin Park city	17,713	1,979	2,941	3,303	3,971	6,119	11.2%	11.2%	18.6%	22.4%	43.0%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Bradbury city	284	8	0	2	22	282	2.8%	0.0%	0.7%	7.7%	8.7%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Claremont city	11,256	815	991	1,220	1,466	6,764	7.2%	8.8%	10.8%	13.0%	26.9%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Covina city	14,894	1,202	1,460	2,316	2,689	7,227	8.1%	9.8%	15.5%	18.1%	33.4%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Diamond Bar city	18,081	962	755	1,632	3,252	11,480	5.3%	4.2%	9.0%	18.0%	33.5%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Duarte city	6,430	717	615	777	1,387	2,934	11.2%	9.6%	12.1%	21.6%	45.6%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	El Monte city	29,116	4,341	4,858	6,247	5,557	8,113	14.9%	16.7%	21.5%	19.1%	27.9%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Glendora city	16,438	1,189	1,120	2,158	2,646	9,325	7.2%	6.8%	13.1%	16.1%	32.4%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Industry city	123	0	11	22	30	60	0.0%	8.9%	17.9%	24.4%	48.8%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Irwindale city	373	31	39	51	78	174	8.3%	10.5%	13.7%	20.9%	32.4%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	La Puente city	9,718	888	1,465	2,011	1,861	3,587	9.1%	15.1%	20.7%	19.2%	35.9%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	La Verne city	11,872	1,121	897	1,285	1,972	6,597	9.4%	7.6%	10.8%	16.6%	27.8%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Monrovia city	13,867	1,379	1,429	1,750	2,410	6,899	9.9%	10.3%	12.6%	17.4%	32.9%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Montebello city	18,442	2,102	2,170	3,102	3,691	6,901	14.5%	11.9%	16.8%	19.8%	37.4%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	North Park city	19,824	2,867	2,553	3,330	2,959	8,115	14.5%	12.9%	16.8%	14.9%	40.7%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Pasadena city	54,668	7,231	5,633	7,052	8,670	26,082	13.2%	10.3%	12.9%	15.9%	36.4%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Pomona city	38,689	4,889	4,914	7,188	7,835	13,869	12.6%	12.7%	18.6%	20.3%	35.8%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Rosemead city	14,200	1,646	1,990	3,160	2,761	4,713	11.6%	13.3%	22.3%	19.4%	47.2%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	San Dimas city	12,669	1,068	953	1,545	2,033	6,670	8.7%	7.8%	12.6%	16.6%	34.4%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	San Gabriel city	12,621	1,670	1,438	1,969	2,327	5,217	13.2%	11.4%	15.6%	18.4%	41.3%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	San Marino city	4,278	243	34	270	180	3,481	5.7%	2.2%	6.3%	4.2%	14.2%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Sierra Madre city	4,566	342	337	399	620	2,888	7.5%	7.4%	8.7%	13.6%	26.6%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	South El Monte city	4,976	781	697	1,164	1,012	1,322	15.7%	14.0%	23.4%	20.3%	53.1%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	South Pasadena city	9,799	1,055	597	966	1,446	5,755	10.8%	6.1%	9.9%	14.8%	28.7%	
37	SAN GABRIEL VALLEY ASSOCIATION OF CITIES	Temple City city	11,780	894	926	1,642	2,290	6,028	7.6%	7.9%	13.9%	19.4%	29.4%	

Attachment 3 Household Distribution by R/HNA Income Category Based on County Median Household Income (MHI) from American Community Survey 2005-09 5-Year Average

COUNTY	SUBREGION	CITY	Household	Household- Extreme low Income	Household- Very Low Income	Household- Lower Income	Household- Moderate Income	Household- Above Moderate Income	Household- Extreme Low Income	Household- Very Low Income	Household- Lower Income	Household- Moderate Income	Household- Above Moderate Income	Household- Extreme Low Income	Household- Very Low Income	Household- Lower Income	Household- Moderate Income	Household- Above Moderate Income	Sub-Total: Low Income Group		
37 WESTSIDE CITIES	DRAFT	Beverly Hills city	14,415	1,518	1,118	1,305	2,012	8,462	10.5%	7.8%	9.1%	14.0%	58.7%	27.3%	17.5%	69.3%	13.2%	69.3%	17.5%		
		Culver City city	16,278	1,625	1,222	2,011	2,541	8,879	10.0%	7.5%	12.4%	15.6%	54.5%	29.8%	17.3%	54.5%	15.6%	54.5%	29.8%		
		Santa Monica city	45,441	6,347	4,166	5,059	6,697	23,172	14.0%	9.2%	14.7%	14.7%	51.0%	45.1%	45.1%	51.0%	14.7%	51.0%	45.1%		
		West Hollywood city	23,422	4,416	2,550	3,609	3,727	9,120	18.9%	10.9%	15.4%	15.9%	38.9%	45.1%	45.1%	38.9%	15.9%	38.9%	45.1%		
		Unincorporated	14,558	1,510	697	1,352	1,809	8,992	10.5%	4.9%	9.4%	12.6%	62.6%	24.8%	24.8%	62.6%	12.6%	62.6%	24.8%		
		Subregion Total	113,914	13,416	9,753	13,386	16,786	58,625	13.5%	8.6%	11.7%	14.7%	51.5%	33.8%	33.8%	51.5%	14.7%	51.5%	33.8%	33.8%	
		37 SOUTH BAY CITIES ASSOCIATION	DRAFT	Carson city	24,727	1,894	1,978	3,322	4,604	12,929	7.7%	8.0%	13.4%	18.6%	52.3%	29.1%	18.6%	52.3%	18.6%	52.3%	29.1%
				El Segundo city	7,105	552	374	831	1,077	4,541	7.8%	5.3%	11.7%	11.4%	63.9%	24.7%	11.4%	63.9%	11.4%	63.9%	24.7%
				Gardena city	20,385	3,343	2,924	3,558	3,682	6,878	16.4%	14.3%	17.5%	18.1%	33.7%	48.2%	18.1%	33.7%	17.5%	48.2%	48.2%
				Hawthorne city	27,432	4,243	3,858	5,567	5,390	8,374	15.3%	14.1%	20.3%	19.6%	30.5%	49.8%	19.6%	30.5%	19.6%	30.5%	49.8%
Hermosa Beach city	9,227			486	437	1,044	942	6,318	5.3%	4.7%	11.3%	10.2%	68.5%	21.3%	10.2%	68.5%	10.2%	68.5%	21.3%		
Inglewood city	37,171			6,301	5,715	7,453	6,837	10,865	17.0%	15.4%	20.1%	18.4%	29.2%	52.4%	29.2%	52.4%	18.4%	29.2%	52.4%		
Lawndale city	9,419			1,151	1,493	1,708	1,965	3,102	12.2%	12.2%	18.1%	20.9%	32.9%	46.2%	20.9%	32.9%	18.1%	32.9%	46.2%		
Lomita city	7,654			783	752	1,031	1,258	3,810	10.3%	9.9%	13.5%	16.5%	49.9%	33.6%	16.5%	49.9%	16.5%	49.9%	33.6%		
Manhattan Beach city	13,882			593	620	944	1,313	10,412	4.3%	4.5%	6.8%	9.5%	75.0%	15.5%	9.5%	75.0%	9.5%	75.0%	15.5%		
Palms Verdes Estates city	4,817			147	87	167	434	1,553	3.1%	1.8%	3.5%	10.8%	73.6%	15.7%	10.8%	73.6%	3.1%	1.8%	3.5%	10.8%	
37 SOUTH BAY CITIES ASSOCIATION	DRAFT	Rancho Palos Verdes city	14,419	653	667	937	1,672	2,863	4.6%	4.6%	6.5%	10.8%	65.9%	20.8%	4.6%	6.5%	10.8%	65.9%	20.8%		
		Redondo Beach city	28,358	1,866	1,672	2,863	3,762	18,685	6.5%	5.9%	8.3%	13.3%	61.9%	20.8%	6.5%	5.9%	8.3%	13.3%	61.9%		
		Rolling Hills city	613	8	24	40	41	500	1.3%	1.3%	3.9%	6.7%	11.7%	11.7%	11.7%	11.7%	6.7%	11.7%	11.7%		
		Rolling Hills Estates city	114	114	74	164	142	30,142	4.1%	2.6%	5.8%	5.0%	82.4%	12.5%	5.0%	82.4%	4.1%	2.6%	5.8%		
		Torrance city	54,299	4,484	4,440	6,396	8,837	30,142	8.3%	8.2%	11.8%	16.3%	55.5%	28.2%	16.3%	55.5%	11.8%	16.3%	28.2%		
		Unincorporated	30,775	5,350	3,924	5,633	8,337	10,665	17.4%	12.8%	18.3%	16.9%	34.7%	48.4%	16.9%	34.7%	18.3%	16.9%	34.7%		
		Subregion Total	293,075	31,968	29,039	41,158	46,769	144,140	10.9%	9.9%	14.0%	16.0%	49.2%	34.9%	16.0%	49.2%	14.0%	16.0%	34.9%		
		37 GATEWAY CITIES	DRAFT	Artesia city	4,997	505	497	907	806	1,682	11.5%	11.3%	20.6%	18.3%	38.3%	43.4%	11.3%	20.6%	18.3%	38.3%	43.4%
				Avonlea city	1,110	142	106	245	137	480	12.8%	9.5%	22.1%	12.3%	43.2%	44.4%	12.3%	43.2%	12.3%	43.2%	44.4%
				Bell city	9,038	1,493	1,828	1,792	1,605	2,320	16.5%	20.2%	19.8%	17.8%	25.7%	56.6%	19.8%	17.8%	25.7%	56.6%	
Bellflower city	22,733			2,765	2,844	4,311	4,381	8,432	12.2%	12.5%	19.0%	19.3%	37.1%	43.6%	19.3%	37.1%	19.3%	37.1%	43.6%		
Bell Gardens city	9,998			1,547	1,740	2,195	2,010	2,406	15.6%	17.6%	22.2%	20.3%	24.2%	55.4%	20.3%	24.2%	20.3%	24.2%	55.4%		
Cerritos city	15,426			1,017	930	1,485	2,195	9,799	6.6%	6.0%	9.6%	14.2%	63.5%	22.2%	14.2%	63.5%	14.2%	63.5%	22.2%		
Commerce city	3,507			570	332	568	843	17.2%	10.0%	17.2%	25.5%	30.1%	44.5%	25.5%	30.1%	44.5%	17.2%	30.1%	44.5%		
Compton city	22,358			4,038	3,272	4,398	4,394	6,256	18.1%	14.6%	19.7%	19.7%	28.0%	52.4%	19.7%	28.0%	19.7%	28.0%	52.4%		
Cudahy city	5,429			755	774	1,388	1,290	1,272	13.9%	13.9%	24.6%	23.8%	23.4%	52.8%	23.4%	52.8%	23.4%	52.8%			
Downey city	32,095			3,161	3,425	5,622	5,820	14,067	9.8%	10.7%	17.5%	18.1%	43.8%	38.0%	18.1%	43.8%	18.1%	43.8%	38.0%		
37 GATEWAY CITIES	DRAFT	Hawthorn Gardens city	3,926	569	560	759	791	1,247	14.5%	14.3%	19.3%	20.1%	31.8%	48.1%	20.1%	31.8%	20.1%	31.8%	48.1%		
		Huntington Park city	14,796	2,757	2,696	3,733	2,515	3,085	18.6%	18.2%	25.2%	17.0%	20.9%	62.1%	17.0%	20.9%	62.1%	17.0%	20.9%	62.1%	
		La Habra Heights city	1,923	80	110	123	179	1,431	4.2%	5.7%	6.4%	7.4%	16.3%	16.3%	7.4%	16.3%	7.4%	16.3%	16.3%		
		La Habra city	1,883	1,385	1,841	2,883	4,331	14,472	8.0%	7.5%	11.6%	17.6%	58.1%	24.5%	17.6%	58.1%	17.6%	58.1%	24.5%		
		La Mirada city	14,994	1,178	1,108	1,640	2,064	8,704	8.0%	7.5%	11.2%	14.0%	59.2%	26.7%	14.0%	59.2%	14.0%	59.2%	26.7%		
		Lakewood city	24,912	2,883	2,883	4,331	2,883	4,331	15.0%	12.3%	16.9%	17.7%	38.2%	44.1%	17.7%	38.2%	17.7%	38.2%	44.1%		
		Long Beach city	160,971	16,994	19,794	27,155	28,487	61,446	15.0%	15.0%	16.9%	13.5%	21.9%	19.7%	22.2%	19.7%	22.2%	19.7%	22.2%		
		Lynwood city	14,280	2,215	1,924	3,132	2,820	4,189	15.5%	13.5%	21.9%	19.7%	29.3%	50.9%	19.7%	29.3%	19.7%	29.3%	50.9%		
		Maywood city	6,884	1,071	1,233	1,631	1,882	1,567	16.0%	18.4%	24.4%	17.7%	21.4%	44.3%	17.7%	21.4%	17.7%	21.4%	44.3%		
		Norwalk city	26,523	2,700	2,445	3,885	5,634	11,659	10.3%	9.3%	14.8%	14.8%	22.2%	43.8%	22.2%	43.8%	14.8%	22.2%	43.8%		
37 GATEWAY CITIES	DRAFT	Paramount city	14,516	2,208	2,232	2,946	3,216	3,914	15.2%	15.4%	20.3%	22.2%	27.0%	50.9%	20.3%	27.0%	20.3%	27.0%	50.9%		
		Pico Rivera city	16,243	1,826	1,995	2,946	2,980	7,116	11.2%	12.3%	14.3%	18.3%	43.8%	37.8%	18.3%	43.8%	18.3%	43.8%	37.8%		
		Santa Fe Springs city	4,968	740	536	712	789	2,010	10.8%	10.1%	14.3%	14.3%	19.5%	40.5%	14.3%	19.5%	14.3%	19.5%	40.5%		
		Signal Hill city	4,145	282	419	423	789	2,232	6.8%	6.8%	10.2%	19.0%	53.8%	27.1%	19.0%	53.8%	6.8%	10.2%	19.0%		
		South Gate city	23,750	3,399	3,719	5,091	5,000	6,601	14.1%	15.7%	21.4%	19.0%	27.8%	51.2%	19.0%	27.8%	19.0%	27.8%	51.2%		
		Vernon city	23	5	0	2	1	15	21.7%	0.0%	8.7%	4.3%	72.8%	30.4%	4.3%	72.8%	21.7%	0.0%	8.7%	4.3%	

Attachment 3 Household Distribution by RHNA Income Category Based on County Median Household Income (MHI) from American Community Survey 2005-09 5-Year Average

COUNTY	SUBREGION	CITY	Household	Household- Extreme Low Income	Household- Very Low Income	Household- Lower Income	Household- Moderate Income	Household- Above Moderate Income	Household- Above Extreme Low Income	Household- Extreme Low Income	Household- Very Low Income	Household- Lower Income	Household- Moderate Income	Household- Above Moderate Income	Household- Above Extreme Low Income	Sub-Total: Low Income Group
DRAFT	37 LAS VIRGENES	Whittier city	26,518	2,384	2,653	3,798	4,711	13,272	13,272	8.9%	9.9%	14.2%	17.6%	17.6%	49.5%	32.9%
		Unincorporated	82,227	15,989	12,291	16,281	15,142	25,544	25,544	15.8%	14.9%	19.8%	18.4%	18.4%	31.1%	50.5%
		Subregion, Total	566,990	75,790	71,304	99,281	104,293	216,222	216,222	13.4%	12.6%	17.5%	18.4%	18.4%	38.1%	43.5%
		Agoura Hills city	7,972	329	313	484	1,088	5,658	5,658	4.2%	4.0%	6.1%	13.8%	13.8%	71.9%	14.3%
		Calabasas city	7,631	440	381	336	727	5,747	5,747	5.8%	5.0%	4.4%	9.5%	9.5%	75.3%	15.2%
		Hidden Hills city	638	9	4	11	19	595	595	1.4%	0.6%	1.7%	3.0%	3.0%	93.3%	3.8%
		Malibu city	5,156	341	364	357	518	3,576	3,576	6.6%	7.1%	6.9%	10.0%	10.0%	69.4%	20.6%
		Westlake Village city	3,254	162	84	301	316	2,951	2,951	5.0%	2.6%	9.3%	9.7%	73.5%	16.8%	
		Unincorporated	8,169	478	365	495	848	5,963	5,963	5.8%	4.5%	6.1%	10.4%	10.4%	73.2%	16.4%
		Subregion, Total	32,220	1,759	1,512	1,984	3,516	23,950	23,950	5.4%	4.6%	6.1%	10.7%	10.7%	73.2%	16.1%
Los Angeles County, Total	3,178,264	436,285	367,539	497,025	533,549	1,343,876	1,343,876	13.7%	11.6%	15.6%	16.8%	16.8%	42.3%	40.9%		
DRAFT	59 ORANGE COUNTY COG	Aliso Viejo city	15,934	680	1,002	2,184	3,296	8,772	8,772	4.3%	6.3%	13.7%	20.7%	20.7%	55.1%	24.3%
		Anaheim city	96,001	14,483	14,725	19,604	18,742	28,447	28,447	15.1%	15.3%	20.4%	19.5%	19.5%	29.6%	50.8%
		Brea city	14,124	1,455	1,393	2,085	2,960	6,231	6,231	10.3%	9.9%	14.8%	21.0%	21.0%	44.1%	34.9%
		Buena Park city	22,518	2,718	3,048	4,882	4,420	7,350	7,350	12.1%	13.5%	22.1%	19.6%	19.6%	32.6%	47.7%
		Costa Mesa city	39,457	5,126	4,785	8,517	8,001	13,028	13,028	13.0%	12.1%	21.6%	20.3%	20.3%	33.0%	46.7%
		Cypress city	15,554	1,573	1,358	2,457	3,198	6,968	6,968	10.1%	10.1%	15.8%	20.6%	20.6%	44.8%	34.6%
		Dana Point city	14,821	1,590	1,355	2,409	3,198	6,924	6,924	10.4%	10.4%	17.5%	16.3%	16.3%	46.7%	37.0%
		Fountain Valley city	18,540	1,931	1,537	2,720	3,862	8,480	8,480	10.4%	8.3%	14.7%	20.8%	20.8%	45.8%	33.4%
		Fullerton city	44,564	6,388	5,793	7,506	8,423	16,254	16,254	14.4%	13.1%	16.9%	19.0%	19.0%	36.6%	44.4%
		Garden Grove city	44,168	7,122	6,317	8,381	9,064	13,282	13,282	16.1%	14.3%	19.0%	20.5%	20.5%	30.1%	49.4%
Huntington Beach city	76,627	7,422	7,152	12,280	13,514	34,259	34,259	9.9%	9.6%	16.5%	18.1%	18.1%	45.3%	36.0%		
Irvine city	71,241	8,476	4,885	8,480	12,385	37,015	37,015	11.9%	11.9%	11.9%	17.4%	17.4%	52.0%	30.7%		
Laguna Beach city	11,241	1,239	966	1,325	1,664	6,047	6,047	11.0%	8.9%	11.8%	14.8%	14.8%	53.8%	31.4%		
Laguna Hills city	10,615	972	950	1,224	1,930	5,439	5,439	9.2%	8.9%	12.5%	18.2%	18.2%	51.2%	30.6%		
Laguna Niguel city	24,586	1,982	1,897	2,980	4,377	13,350	13,350	8.1%	7.7%	12.1%	17.8%	17.8%	54.3%	27.9%		
Lake Forest city	18,057	3,619	2,957	2,780	3,448	5,644	5,644	28.6%	23.4%	22.0%	11.4%	11.4%	14.6%	74.0%		
La Habra city	2,251	2,251	2,348	3,994	3,820	5,007	5,007	12.5%	13.0%	22.1%	21.2%	21.2%	31.3%	47.6%		
La Palma city	25,755	1,700	1,725	3,715	5,007	13,608	13,608	6.6%	6.7%	14.4%	19.4%	19.4%	52.8%	27.7%		
La Verne city	4,189	544	360	785	940	2,280	2,280	9.6%	7.5%	15.4%	19.6%	19.6%	47.8%	32.5%		
Mission Viejo city	33,503	2,464	2,761	4,769	5,941	17,568	17,568	13.0%	10.2%	12.8%	25.1%	25.1%	38.9%	36.0%		
Newport Beach city	35,570	3,394	2,511	4,990	4,605	20,970	20,970	9.5%	7.1%	11.5%	12.9%	12.9%	59.0%	28.1%		
Orange city	41,481	4,707	4,031	7,250	7,657	17,896	17,896	11.3%	9.7%	17.5%	18.5%	18.5%	43.0%	38.5%		
Placentia city	15,958	953	794	2,269	3,036	8,871	8,871	12.4%	14.2%	14.2%	19.2%	19.2%	43.1%	37.7%		
Rancho Santa Margarita city	23,196	2,444	2,080	3,600	3,587	11,485	11,485	5.7%	4.8%	15.5%	15.5%	15.5%	57.2%	24.5%		
San Clemente city	11,516	1,405	942	1,841	1,592	5,756	5,756	8.2%	9.0%	16.0%	13.8%	13.8%	49.5%	35.0%		
San Juan Capistrano city	75,715	11,385	12,547	17,036	16,049	18,748	18,748	15.0%	16.6%	22.5%	21.2%	21.2%	24.8%	54.0%		
Seal Beach city	12,662	2,786	2,255	2,001	1,766	3,854	3,854	22.0%	17.8%	15.8%	13.9%	13.9%	55.6%	34.4%		
Stanton city	10,972	1,931	1,751	2,458	2,336	2,668	2,668	16.0%	16.0%	22.4%	21.3%	21.3%	54.4%	34.3%		
Villa Park city	24,126	2,379	2,409	4,960	4,732	9,615	9,615	9.9%	10.1%	20.6%	19.6%	19.6%	39.9%	40.5%		
Westminster city	26,238	4,391	3,931	4,817	5,230	7,899	7,899	1.8%	3.1%	10.9%	10.9%	10.9%	73.8%	15.4%		
Yorba Linda city	21,409	1,141	1,328	2,295	3,027	13,618	13,618	5.3%	6.2%	10.7%	14.1%	14.1%	63.6%	22.3%		
Unincorporated	39,795	3,402	2,692	4,986	6,366	22,349	22,349	8.5%	6.8%	12.5%	16.0%	16.0%	55.2%	27.8%		
Orange County, Total	973,959	116,043	107,091	164,079	179,727	407,059	407,059	11.9%	11.0%	16.8%	18.5%	18.5%	41.8%	39.8%		
DRAFT	65 WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS	Banning city	11,421	2,052	1,903	2,389	2,328	2,549	2,549	18.0%	16.7%	22.7%	20.4%	20.4%	22.3%	57.3%
		Beaumont city	9,281	1,169	976	1,514	1,532	4,090	4,090	12.6%	10.5%	16.3%	16.5%	16.5%	44.1%	39.4%
		Calimesa city	3,089	601	406	474	495	1,113	1,113	19.5%	13.1%	15.3%	16.0%	16.0%	36.0%	47.9%
		Canyon Lake city	3,798	261	188	474	480	2,395	2,395	6.9%	4.9%	12.5%	12.6%	12.6%	63.1%	24.3%
		Corona city	42,848	3,394	3,011	5,396	7,397	23,770	23,770	7.8%	7.0%	12.5%	17.3%	17.3%	55.5%	27.3%
		Unincorporated	42,848	3,394	3,011	5,396	7,397	23,770	23,770	7.8%	7.0%	12.5%	17.3%	17.3%	55.5%	27.3%

Attachment 3 Household Distribution by RHNA Income Category Based on County Median Household Income (MHI) from American Community Survey 2005-09 5-Year Average

COUNTY	Subregion	CITY	Household	Household- Income		Household- Income		Household- Income		Household- Income		Household- Income		Household- Income		Household- Income		Sub-Total: Low Income Group
				Extreme Low	Very Low	Lower Income	Moderate	Moderate Above	Household- Income	Household- Income	Household- Income	Household- Income	Household- Income	Household- Income	Household- Income	Household- Income	Household- Income	
65 WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS	DRAFT	Henne city	26,916	6,215	5,316	5,934	4,387	4,387	5,564	23.1%	19.8%	20.2%	16.3%	20.7%	63.0%			
		Lake Fishore city	13,453	1,598	1,348	2,201	2,566	5,740	5,740	11.9%	10.0%	16.4%	19.1%	42.7%	38.3%			
		Menifee city	25,007	2,865	3,675	4,417	4,599	4,599	4,599	11.5%	14.7%	17.7%	18.4%	37.5%	43.8%			
		Moreno Valley city	48,703	5,271	5,122	8,735	10,135	19,440	19,440	10.8%	10.5%	17.9%	20.8%	39.9%	39.3%			
		Murrieta city	28,978	1,677	2,241	3,560	4,969	16,531	16,531	5.8%	7.7%	12.3%	17.1%	57.0%	25.8%			
		Norco city	6,952	547	451	890	1,122	3,942	3,942	7.9%	6.5%	12.8%	16.1%	56.7%	27.2%			
		Perris city	12,789	1,690	1,489	2,388	3,031	4,041	4,041	13.2%	11.6%	19.8%	23.7%	31.6%	44.7%			
		Riverside city	88,413	10,444	9,648	15,633	17,274	35,414	35,414	11.8%	10.9%	17.2%	19.5%	40.1%	40.4%			
		San Jacinto city	11,157	1,514	1,514	1,919	2,193	3,305	3,305	20.0%	13.6%	17.2%	19.7%	29.6%	50.7%			
		Temecula city	29,081	1,859	1,970	3,462	5,602	16,488	16,488	6.4%	6.8%	10.9%	19.3%	56.7%	24.0%			
		Wildomar city	9,070	786	1,001	1,364	1,744	4,175	4,175	8.7%	11.0%	15.0%	19.2%	46.0%	34.7%			
		Winters city	112,424	11,153	12,613	16,202	19,673	52,783	52,783	9.9%	11.2%	14.4%	17.5%	47.0%	35.6%			
		Wrightwood city	483,380	53,748	52,872	76,442	89,527	210,791	210,791	11.1%	10.9%	15.8%	18.5%	43.6%	37.9%			
		65 COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS	DRAFT	Blythe city	4,980	899	960	967	722	722	1,432	18.1%	19.3%	19.4%	14.5%	28.8%	56.7%	
		Cathedral City city		18,108	3,038	2,395	3,714	3,149	5,812	5,812	16.8%	13.2%	20.5%	17.4%	32.1%	50.5%		
		Coachella city		8,688	1,284	1,733	1,665	1,918	1,788	1,788	14.8%	19.9%	22.6%	22.1%	20.6%	57.3%		
		Desert Hot Springs city		7,283	1,284	1,533	1,576	1,252	1,613	1,613	23.2%	15.8%	21.6%	17.2%	22.1%	60.7%		
		Indian Wells city		2,591	366	1,151	248	240	1,786	1,786	6.4%	5.8%	9.6%	9.3%	68.9%	21.8%		
		Indio city		24,516	5,575	5,416	4,435	4,457	8,633	8,633	14.6%	13.9%	18.1%	18.2%	35.2%	46.6%		
		La Quinta city		15,438	1,244	999	1,333	3,117	8,245	8,245	8.1%	6.5%	11.9%	20.2%	53.4%	26.4%		
Palm Desert city	29,661	3,089		3,113	4,209	3,817	9,633	9,633	12.9%	13.0%	17.6%	16.0%	40.4%	43.6%				
Palm Springs city	24,562	3,854		3,951	4,862	4,073	7,522	7,522	15.8%	16.2%	20.4%	16.7%	30.9%	52.4%				
Rancho Mirage city	8,660	1,055		859	1,326	1,326	4,966	4,966	12.2%	9.9%	11.8%	15.3%	50.5%	33.9%				
Unincorporated	23,917	3,537		4,099	4,388	4,483	6,210	6,210	15.2%	17.6%	21.4%	19.2%	26.6%	54.1%				
65 COACHELLA VALLEY ASSOCIATION OF GOVERNMENTS	DRAFT	CVAG Subregion		161,804	23,432	22,827	29,321	28,554	57,070	14.5%	14.1%	18.5%	17.6%	35.3%	47.1%			
Riverside County, Total		645,184		77,180	75,699	106,863	118,081	267,861	267,861	12.0%	11.7%	16.5%	18.3%	41.5%	40.2%			
71 SANBAG		DRAFT		Adelanto city	6,471	1,303	993	1,124	1,433	1,618	20.1%	15.3%	17.4%	22.1%	25.0%	52.9%		
Apple Valley town				22,338	3,809	2,676	3,737	3,588	8,538	8,538	17.1%	12.0%	16.7%	16.1%	38.2%	45.8%		
Barstow city				8,222	1,534	1,388	1,196	1,638	2,466	2,466	18.7%	16.9%	14.5%	19.9%	30.0%	50.1%		
Big Bear Lake city				2,426	520	435	560	277	634	634	21.4%	17.9%	23.1%	26.1%	26.1%	62.4%		
Chino city				20,595	2,095	1,544	2,773	3,791	11,175	11,175	6.4%	7.5%	13.5%	18.4%	54.3%	27.3%		
Chino Hills city				21,892	905	622	1,507	2,735	16,123	16,123	4.1%	2.8%	6.9%	12.5%	73.6%	13.9%		
Colton city				15,126	2,181	2,008	3,296	3,347	4,294	4,294	14.4%	13.3%	21.8%	22.1%	28.4%	49.5%		
Fountain city			44,542	3,696	3,814	7,121	9,063	20,848	20,848	8.3%	8.6%	16.0%	20.3%	46.8%	32.8%			
Grand Terrace city			4,239	385	524	586	819	1,925	1,925	9.1%	12.4%	13.8%	19.3%	45.4%	35.3%			
Hesperia city			23,539	3,155	2,929	4,518	4,583	8,354	8,354	13.4%	12.4%	19.2%	19.5%	35.5%	45.0%			
Highland city			14,315	1,812	1,798	2,155	2,266	6,284	6,284	12.7%	12.6%	15.1%	15.8%	43.9%	40.3%			
Loma Linda city			8,372	1,051	1,121	1,408	1,502	3,290	3,290	12.6%	13.4%	16.8%	17.9%	39.3%	42.8%			
Montclair city			8,913	1,092	962	1,417	2,141	3,301	3,301	12.3%	10.8%	15.9%	24.0%	37.0%	38.9%			
Neesdes city			2,204	662	375	366	319	482	482	30.0%	17.0%	16.6%	14.5%	21.9%	63.7%			
Ontario city			47,166	4,304	4,853	8,622	9,716	19,671	19,671	9.1%	10.3%	18.3%	20.6%	41.7%	37.7%			
Rancho Cucamonga city			54,253	3,140	3,544	6,562	4,002	11,845	11,845	5.8%	6.5%	12.1%	16.9%	58.7%	24.4%			
Redlands city			24,540	2,568	2,280	3,845	4,002	11,845	11,845	10.5%	9.3%	15.7%	16.3%	48.3%	35.4%			
Rialto city			24,562	2,754	3,025	4,808	4,909	8,866	8,866	11.3%	12.4%	19.7%	20.1%	36.4%	43.5%			
San Bernardino city	57,547		10,841	9,155	11,568	10,662	15,326	15,326	18.8%	15.9%	20.1%	18.5%	26.6%	54.8%				
Twentynine Palms city	10,770		1,611	1,855	2,172	1,915	3,217	3,217	15.0%	17.2%	20.2%	17.8%	29.9%	52.3%				
Upland city	24,667	2,137	2,207	3,801	4,352	12,170	12,170	8.7%	8.9%	15.4%	17.6%	49.3%	33.0%					
Victorville city	28,842	4,167	3,842	4,405	5,973	10,455	10,455	14.4%	13.3%	15.3%	20.7%	36.2%	43.0%					
Yucaipa city	17,190	2,214	1,833	2,751	2,820	7,572	7,572	12.9%	10.7%	16.0%	16.4%	39.5%	39.5%					
Yuca Valley town	8,347	1,693	1,115	1,545	1,494	2,500	2,500	20.3%	13.4%	18.5%	17.9%	40.0%	52.2%					
71 SANBAG	DRAFT	Unincorporated	87,922	12,330	11,281	15,794	15,972	32,545	14.0%	12.8%	18.0%	18.2%	37.0%	44.8%				
San Bernardino County, Total		588,800	71,176	66,178	97,632	108,489	245,314	245,314	12.1%	11.2%	16.6%	18.4%	41.7%	39.9%				

Attachment 3 Household Distribution by RHNA Income Category Based on County Median Household Income (MHI) from American Community Survey 2005-09 5-Year Average

COUNTY	Sub-region	CITY	Household	Household- Extreme Low Income	Household- Very Low Income	Household- Lower Income	Household- Moderate Income	Household- Above Moderate Income	Household- Extreme Low Income	Household- Very Low Income	Household- Lower Income	Household- Moderate Income	Household- Above Moderate Income	Sub-Total: Low Income Group
COUNTY	111 VENTURA COUNCIL OF GOVERNMENTS	Carmarillo city	22,961	2,396	2,433	3,472	4,328	10,332	10.4%	10.6%	15.1%	18.8%	45.0%	36.2%
	111 VENTURA COUNCIL OF GOVERNMENTS	Fillmore city	4,293	741	649	778	839	1,285	17.3%	15.1%	18.1%	19.5%	30.0%	50.5%
	111 VENTURA COUNCIL OF GOVERNMENTS	Moorepark city	10,734	745	837	1,169	1,932	6,051	6.9%	7.8%	10.9%	18.0%	56.4%	25.6%
	111 VENTURA COUNCIL OF GOVERNMENTS	Ojai city	3,077	490	422	634	454	1,077	15.9%	13.7%	20.6%	14.8%	35.0%	50.2%
	111 VENTURA COUNCIL OF GOVERNMENTS	Oxnard city	49,551	8,040	7,825	10,483	9,298	13,905	16.2%	15.8%	21.2%	18.8%	28.1%	53.2%
	111 VENTURA COUNCIL OF GOVERNMENTS	Port Huerneme city	6,882	1,038	1,100	1,733	1,568	1,443	15.1%	16.0%	25.2%	22.8%	56.2%	52.2%
	111 VENTURA COUNCIL OF GOVERNMENTS	San Buenaventura (Ventura) city	38,528	5,716	4,929	6,946	7,495	13,442	14.8%	12.8%	18.0%	19.5%	34.9%	45.7%
	111 VENTURA COUNCIL OF GOVERNMENTS	Santa Paula city	8,373	1,930	1,320	2,001	1,320	1,802	23.1%	15.8%	23.9%	15.8%	21.5%	62.7%
	111 VENTURA COUNCIL OF GOVERNMENTS	Simi Valley city	38,950	3,499	2,861	5,992	8,187	19,011	9.0%	7.3%	13.8%	13.8%	48.8%	30.2%
	111 VENTURA COUNCIL OF GOVERNMENTS	Thousand Oaks city	43,222	3,828	3,313	5,368	7,035	23,678	8.9%	7.7%	12.4%	16.3%	54.8%	28.9%
	111 VENTURA COUNCIL OF GOVERNMENTS	Unincorporated	30,609	3,184	3,123	4,578	5,364	14,360	10.4%	10.2%	15.0%	17.5%	46.9%	35.6%
	111 VENTURA COUNCIL OF GOVERNMENTS	Ventura County, Total	257,180	31,607	28,812	42,554	47,820	106,387	12.3%	11.2%	16.5%	18.6%	41.4%	40.0%

Note: ACS city level data is not available for the City of Eastvale. Staff is currently working with Riverside County to estimate the household and income distribution for the city from ACS block group data. It will be provided shortly.

Attachment 4 SCAG Region Vacant Housing Unit Statistics: 2010 Census Demographic Profile (Released on May 12, 2011)

DRAFT

CITY	Total Housing Units	Total Household	Renter Household	Owner Household	Vacant Housing Units	Vacant For Rent Units	Vacant Units: Rented, Not Occupied	Vacant Units: For Sale Occupied	Vacant Units: Solid, Not Seasonal Use	Vacant Units: Seasonal Use	Vacant Units: include for Migrant Workers	Other vacant units share of total housing stock	Total Effective Vacant Units	Effective Vacancy Rate	% of Renter	% of Owner	Sum of Renter and Owner	Healthy Market Vacancy Rate	Estimated Units Required to Maintain Healthy Market Condition	Vacancy Credit: Effective Vacant Units minus Units under Healthy Market
Imperial County	56,067	49,126	21,661	27,465	6,941	1,762	75	1,019	306	2,060	1,719	3.1%	2,781	5.3%	44.1%	55.9%	100%	2.8%	1,387	1,394
Los Angeles County	3,445,076	3,241,204	1,696,455	1,544,749	203,872	104,960	4,994	26,808	6,726	19,099	41,285	1.2%	131,768	3.9%	52.3%	47.7%	100%	3.1%	99,512	32,256
Orange County	1,048,907	992,781	404,468	588,313	56,126	25,254	1,327	8,434	2,096	10,806	8,209	0.8%	33,688	3.5%	40.7%	59.3%	100%	2.7%	27,028	6,662
Riverside County	800,707	686,260	224,048	462,212	114,447	23,547	1,107	18,417	3,255	50,538	17,583	2.2%	41,964	5.7%	32.6%	67.4%	100%	2.5%	17,015	24,949
San Bernardino County	699,637	611,618	228,045	383,573	88,019	21,892	1,096	12,138	2,520	34,104	16,269	2.3%	34,030	5.2%	37.3%	62.7%	100%	2.6%	16,016	18,014
Ventura County	281,695	266,920	92,752	174,168	14,775	4,664	324	2,467	595	3,545	3,180	1.1%	7,131	2.8%	34.7%	65.3%	100%	2.5%	6,786	345
SCAG Region	6,332,089	5,847,909	2,667,429	3,180,480	484,180	182,079	8,923	69,283	15,498	120,152	88,245	1.4%	251,362	4.1%	45.6%	54.4%	100%	2.9%	167,742	83,620

REPORT

DATE: May 27, 2011
TO: Regional Housing Needs Assessment (RHNA) Subcommittee
FROM: Ma'Ayn Johnson, Senior Regional Planner, 213-236-1975, johnson@scag.ca.gov
SUBJECT: RHNA Social Equity Adjustment

EXECUTIVE DIRECTOR'S APPROVAL:**RECOMMENDED ACTION:**

For Information Only - No Action Required.

EXECUTIVE SUMMARY:

As part of the RHNA methodology, SCAG is required to address the overconcentration of income groups for communities that have a disproportionate share of certain income categories. For the 2007 RHNA (the 4th cycle), SCAG applied a 110% adjustment using respective county income averages. Further evaluation is needed to determine an appropriate fair share adjustment for the 2012 RHNA (the 5th cycle).

STRATEGIC PLAN:

This item supports SCAG's Strategic Plan; Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective a: Create and facilitate a collaborative and cooperative environment to produce forward thinking regional plans.

BACKGROUND:

The purpose of the Regional Housing Needs Assessment is to encourage, promote, and facilitate the development of housing to accommodate the entire regional housing need at all income levels. A stated objective is to reduce the overconcentration of income groups in a jurisdiction if that jurisdiction has a disproportionately high share of households in a particular income category, as compared to the countywide distribution of households.

For the 2007 RHNA, the adopted SCAG methodology required that each community should close the gap between their current income household distribution and the county median distribution by adjusting their respective levels to 110% of the county average. The county median household income benchmark was derived from the 2000 Census. This "fair share adjustment" was determined to fully address the statutory planning requirement to achieve one of the statutory RHNA objectives and avoid further concentration of lower income households in "impacted" communities.

REPORT

Example 1: City A, high concentration of lower income groups

Countywide Distribution:

Very Low	Low	Moderate	Above Moderate
24.7%	15.7%	17.1%	42.6%

City A Distribution:

Very Low	Low	Moderate	Above Moderate
29.5%	16.8%	16.6%	37.1%

Using a 110% adjustment, the final adjusted allocation for City A would be as follows:

Very Low: $24.2\% = 29.5\% - [(29.5\% - 24.7\%) \times 110\%]$

Low: $15.6\% = 16.8\% - [(16.8\% - 15.7\%) \times 110\%]$

Moderate: $17.1\% = 16.6\% - [16.6\% - 17.1\%) \times 110\%]$

Above Moderate: $43.1\% = 37.1\% - [(37.1\% - 42.6\%) \times 110\%]$

The adjusted City A distribution:

Very Low	Low	Moderate	Above Moderate
24.2%	15.6%	17.1%	43.1%

In the example above, City A has a higher concentration of lower income categories compared to the County “average.” The 110% adjustment would mitigate an overconcentration of those income groups for its RHNA allocation.

A Council of Governments such as SCAG is responsible for the development of a RHNA methodology and has the discretion to determine the appropriate fair share adjustment for its region. Other Councils of Governments such as the Association of Bay Area Governments (ABAG) have chosen a more aggressive approach to mitigate overconcentration by applying a 175% adjustment. For illustration purposes, below is a comparison of adjustments of 60%, 110%, and 150%. Further discussion and evaluation are needed to determine the best approach in the SCAG region for the 2012 RHNA.

	Very Low	Low	Moderate	Above Moderate
County Pre-adjustment	24.7%	15.7%	17.1%	42.6%
City A Pre-adjustment	29.5%	16.8%	16.6%	37.1%
60%	26.6%	16.1%	16.9%	40.4%
110%	24.2%	15.6%	17.1%	43.1%
150%	22.3%	15.1%	17.3%	45.3%

REPORT

Example 2: City B, high concentration of high income groups

	Very Low	Low	Moderate	Above Moderate
County Pre-adjustment	24.7%	15.7%	17.1%	42.6%
City A Pre-adjustment	15.2%	10.1%	13.8%	60.9%
60%	26.6%	16.1%	16.9%	40.4%
110%	25.6%	16.3%	17.4%	40.7%
150%	22.3%	15.1%	17.3%	45.3%


FISCAL IMPACT:

Work associated with this item is included in the current FY 10-11 General Fund Budget (11-800.0160.03:RHNA).

ATTACHMENT:

1. Powerpoint Slides on Examples of Fair Share Adjustments

Reviewed by:



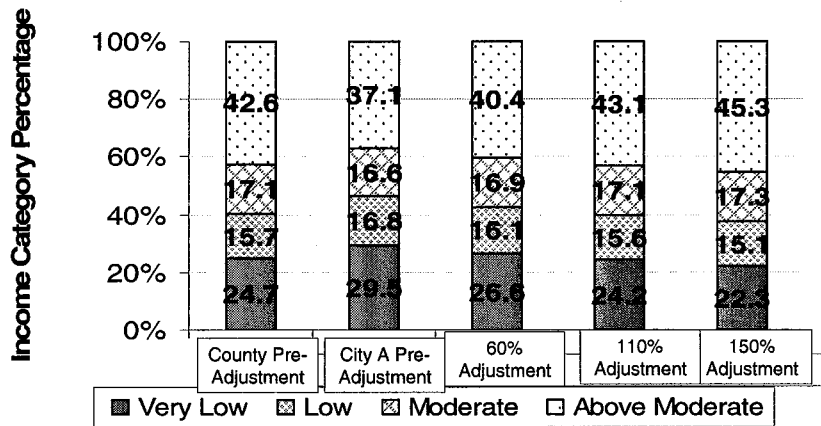
Department Director

Reviewed by:

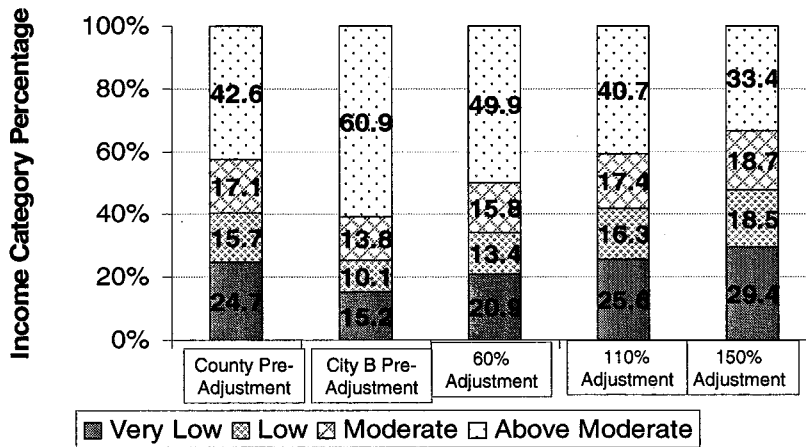


Chief Financial Officer

Income Distribution Using Social Equity Adjustment City A



Income Distribution Using Social Equity Adjustment City B



REPORT

AGENDA ITEM #

6

DATE: May 27, 2011

TO: Regional Housing Needs Assessment (RHNA) Subcommittee

FROM: Joann Africa, Chief Counsel, 213-236-1928, africa@scag.ca.gov
Huasha Liu, Director, Land Use and Environmental Planning, 213-236-1838,
liu@scag.ca.gov

SUBJECT: Subregional Delegation Guidelines

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:

Subject to the RHNA Subcommittee's input, recommend that the Community, Economic and Human Development Committee (CEHD) recommend Regional Council approval of the proposed Subregional Delegation Guidelines. These Guidelines are included as part of the June 2, 2011, CEHD Committee and Regional Council agendas.

EXECUTIVE SUMMARY:

Subregional RHNA delegation was discussed extensively at the RHNA Subcommittee meetings in March and April 2011. Based upon this discussion and input from the Subcommittee, draft RHNA Subregional Delegation Guidelines have been prepared for the Subcommittee's recommendation to CEHD. To summarize, two or more geographically contiguous jurisdictions may form a subregional entity for RHNA purposes. Once SCAG provides the delegated subregion its subregional need, the subregion is responsible for developing its own methodology, distributing a draft subregional housing allocation for the subregion, conducting the revision requests and appeals process, and submitting a final housing allocation to SCAG. As the last RHNA Subcommittee meeting, staff explained that a potential gap may occur if a delegated subregion's allocation methodology (in particular, its social equity adjustment as part of the allocation methodology) differs from that of SCAG's allocation methodology and social equity adjustment.

Staff describes herein four options for addressing a gap. Staff recommends that the Subcommittee support Option 4, an approach whereby any gaps in income category allocations between the delegated subregion and County (if any) should be addressed by requiring that the delegated subregion maintain the exact totals by income category assigned by SCAG. This approach under Option 4 has been incorporated into the attached Subregional Delegation Guidelines.

STRATEGIC PLAN:

This item supports SCAG's Strategic Plan; Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective a: Create and facilitate a collaborative and cooperative environment to produce forward thinking regional plans.

BACKGROUND:

Per Government Code Section 65584.03, SCAG may delegate to a "subregional entity" the responsibility of preparing an allocation of a local housing need plan for the jurisdictions within the subregional entity. In the

May 27, 2011
RHNA Subcommittee

REPORT

case of SCAG's 5th cycle RHNA, the subregional entity intending to accept subregional delegation must notify SCAG of its intent to accept RHNA delegation by June 30, 2011. The delegated subregion shall notify SCAG of its final decision to accept delegation by August 31, 2011.

At the March 22 and April 27 meetings, the RHNA Subcommittee discussed the various aspect of RHNA Subregional Delegation. At the April meeting, staff presented draft RHNA Subregional Delegation Guidelines (Guidelines) to be used as guidance for the delegation process. As part of the draft Guidelines, a sample resolution regarding accepting delegation and sample Delegation Agreement was included.

As previously discussed, limited funds are available for subregions accepting RHNA delegation. The Guidelines have been drafted such that SCAG shall provide \$1,000 for each local jurisdiction in a delegated subregion that accepts delegation, which is based on dividing the total available \$200,000 into the total number of SCAG jurisdictions. The amount of the respective financial assistance and its distribution are outlined in the sample Delegation Agreement.

The one matter that was left outstanding from the Guidelines and from the Subcommittee's discussion last month, related to the possibility that a delegated subregion's allocation methodology (in particular, its social equity or "fair share" adjustment") would differ from SCAG's regional allocation methodology and establish a gap in terms of meeting the income distribution required as part the final RHNA. It should be noted that during the 4th cycle RHNA, this matter was not at issue because the abbreviated schedule/process to which SCAG followed for the 4th cycle RHNA precluded delegated subregions from establishing their own allocation methodology and therefore, the delegated subregions were provided subregional housing targets that incorporated SCAG's already adopted regional allocation methodology (hence, creating no gap). Because this 5th RHNA cycle will follow the general statutory schedule and process set for the in the RHNA law and therefore, delegation subregions will have the opportunity to develop their own allocation methodology which could differ from SCAG's regional allocation methodology.

-How to address a potential gap between SCAG's methodology and a delegated subregion's methodology?

SCAG anticipates receiving the Regional Housing Need Determination from the California Department of Housing and Community Development (HCD) in August 2011, from which a subregional housing target will be developed by SCAG to each of the delegated subregions. Subsequently SCAG will hold a corresponding public hearing prior to allocating the share of housing need to the delegated subregion. As a delegated subregion, the subregion assumes the tasks and responsibilities in developing a housing need for jurisdictions included in its subregion. The final subregional allocation will be submitted to SCAG for approval before SCAG prepares its final RHNA plan. As a delegated subregion, the subregion will have the responsibility to develop its own RHNA methodology, distribute a draft RHNA allocation, conduct the revision requests and appeals process, and submit a final RHNA allocation to SCAG, meeting the requirements set forth in state housing laws pertaining to RHNA.

REPORT

Social equity adjustment

SCAG and delegated subregions must apply a social equity adjustment in order to mitigate the overconcentration of high shares of households in certain income categories. In the prior RHNA cycle, SCAG addressed this issue by applying a 110 percent fair share adjustment towards the county average. A fair share adjustment brings the jurisdiction's current income level breakdown towards the county average. The percentage difference between the jurisdiction and respective county are multiplied by a ratio, in this example 110 percent, and this adjustment is added or subtracted from the jurisdiction's current breakdown, depending on whether they are higher or lower than the county average. At this time, SCAG has not yet adopted a final RHNA methodology so the social equity adjustment to be used for the 5th cycle RHNA has not been established.

Applying the social equity adjustment to projected housing need causes a shift that results in an uneven loss and gain of units among income categories, also known as a "gap." This is due to the fact that not all jurisdictions have the same income composition in terms of percentages or absolute numbers. For example, in a county with a low share of low income households, a large city with a high concentration of low income households will gravitate towards the county average with the fair share adjustment. However, the absolute number of low income units reduced from the large city will not necessarily be added elsewhere if other cities in the county are small with a higher proportion of higher income households (see Appendix A). While this results in an unmet need due to the social equity adjustment, staff anticipates the unmet need to be about 4,000 units for the region, which is a relatively small difference. Staff is able to apply an established weighted methodology to address the small gap so that the unmet need is addressed and the regional total is maintained appropriately.

The gap resulting from the social equity adjustment is exacerbated if a subregional entity adopts a social equity adjustment percentage that is different from the social equity adjustment percentage adopted by SCAG. Although a delegated subregion is responsible for developing its own methodology, staff encourages coordination with SCAG and other non-delegated subregions in the same County so that there is a consistent methodology or that gap is manageable. In addition, it is important to coordinate with SCAG and subregions within the same county accepting SCS delegation to develop the 2012 RTP/SCS, which may further refine both the subregional and regional allocation methodology.

Social equity adjustment discrepancies (if any) between a delegated subregion and SCAG must be resolved prior to the adoption of the final RHNA methodology. There are several options that SCAG can apply to ensure consistency between SCAG's regional methodology and the subregional methodology and that the county totals are maintained. SCAG present four options herein. Options 1 and 2 minimize the potential for a gap in income units while option 3 and 4 anticipate a gap but mitigate its impact:

1. Use the same fair share adjustment adopted by SCAG

A subregion that applies the same fair share adjustment adopted by SCAG to its subregional total will result in the same expected gap had the subregion not accepted delegation. This approach would minimize the allocation of units lost in certain income categories to match the county totals. However, this option would limit some of the subregion's discretion in devising its own methodology since it is explicitly aligning with SCAG methodology.

REPORT

2. Use a fair share adjustment between SCAG and the subregion

If a subregion adopts a fair share adjustment that is different from the one adopted by SCAG, the two methodologies would be averaged and the new percentage adjustment would be applied to all jurisdictions within the county. For example, if the subregion adopted a 50 percent adjustment while SCAG adopted a 100 percent adjustment, a 75 percent adjustment would be applied to all jurisdictions in the county. The advantage of this methodology would be that both the methodology of SCAG and the subregion are considered. However, this option would result in a different fair share adjustment among SCAG counties since this approach would only be applied to counties to which there were delegation subregions, and not all counties will contain subregional entities. Moreover, it will affect the RHNA allocation of jurisdictions outside of the subregional entity.

3. Use a numerical weighting to determine the distribution of a gap

If a subregion adopts a fair share adjustment that is different from the one adopted by SCAG, and applies the adjustment to its subregional total, a gap in certain income groups will emerge between the subregional entity and the rest of the county. To address the issue, the difference between the subregion and the rest of the county would be distributed using a numerical weighting based on household growth (see Appendix B). The advantage of this option is that both SCAG's and the subregion's adopted methodologies are fully applied and the gap units are directly managed. However, this option would distribute units to jurisdictions who did not accept the delegation.

4. Require the delegated subregions to maintain all assigned units

Using this option, if a gap occurs due to the application of different social equity adjustments between SCAG and the subregion, the subregion would be responsible for maintaining the exact totals by income categories assigned by SCAG (which would be provided by SCAG to the delegated subregion at the time the subregional housing target is issued). After the delegated subregion applies its fair share adjustment, the subregion would exercise its discretion to distribute any missing or extra units in each income category to its own jurisdictions, meeting the exact subregional totals assigned by SCAG. This option allows greater flexibility and decision-making for subregions accepting delegation. Moreover, this option only applies to the delegate subregion and does not affect the allocation for non-delegate jurisdictions.

To address the potential gap resulting from varying fair share adjustments, SCAG staff recommends that Option 4, requiring the subregion to maintain all assigned units, be adopted as part of the Subregional Delegation Guidelines. Option 4 will allow for greater flexibility in subregional decision-making and will not affect the distribution of income groups for non-delegate jurisdictions. This approach in Option 4 has already been incorporated in the proposed Subregional Delegation Guidelines as well as in the sample Delegation Agreement. These Guidelines are scheduled for review and approval by the CEHD Committee and the Regional Council on June 2, 2011, which pending the Subcommittee's input, includes Option 4 as the manner by which to address any potential gap between a delegated subregion's allocation methodology and SCAG's allocation methodology.

FISCAL IMPACT:

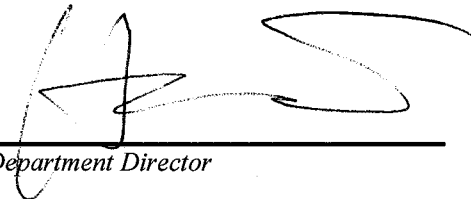
Work associated with this item is included in the current FY 10-11 General Fund Budget (11-800.0160.03:RHNA).

REPORT

ATTACHMENTS:

1. Draft RHNA Subregional Delegation Guidelines (includes sample resolution and Delegation Agreement).
2. Attachment A: A Comparison of Example Fair Share Adjustment Results.
3. Attachment B: Numerical Weighting Approach to the Fair Share Adjustment Gap.

Reviewed by:

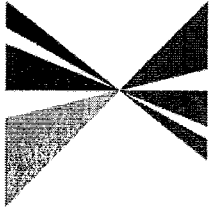


Department Director

Reviewed by:



Chief Financial Officer



SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

RHNA SUBREGIONAL DELEGATION GUIDELINES

Meaning of "Subregional Entity" and Notification Deadline

Under the law, SCAG may delegate to a "subregional entity" the responsibility of preparing a subregional housing need allocation for the jurisdictions within the particular subregional entity, that will be included as part of SCAG's Regional Housing Need Allocation (RHNA) Plan. Specifically, California Government Code Section 65584.03 provides as follows:

"...[A]t least two or more cities and a county, or counties, may form a subregional entity for the purpose of allocation of the subregion's existing and projected need for housing among its members in accordance with the allocation methodology established pursuant to Section 65584.04. The purpose of establishing a subregion shall be to recognize the community of interest and mutual challenges and opportunities for providing housing within a subregion. A subregion formed pursuant to this section may include a single county and each of the cities in that county or any other combination of geographically contiguous local governments and shall be approved by the adoption of a resolution by each of the local governments in the subregion as well as by the council of governments. All decisions of the subregion shall be approved by vote as provided for in rules adopted by the local governments comprising the subregion or shall be approved by vote of the county or counties, if any, and the majority of the cities with the majority of population within a county or counties."

The subregional entity must notify SCAG at least 28 months before the scheduled Housing Element update of its formation. In the case of SCAG's 5th cycle RHNA, notification by the proposed subregional entity must be provided to SCAG by June 30, 2011. Submittal of the required adopting resolution, a sample of which is attached herein as Exhibit A, shall occur prior to approval of the Delegation Agreement between SCAG and the subregional entity.

Delegation – Scope of Responsibilities

After a subregional entity has notified SCAG of its formation and intent to accept delegation of the RHNA process, SCAG and the subregional entity will enter into an agreement that set forth the process, timing, and other terms and conditions of the delegation of responsibilities by SCAG to the respective subregion. By accepting delegation, the subregional entity would be tasked

with all of the responsibilities related to distributing the housing need for the jurisdictions within the subregion. This includes developing a subregional allocation methodology, releasing a draft subregional housing allocation plan by income groups using the approved subregional allocation methodology, determining the revision requests and appeals submitted by jurisdictions within the subregion regarding its draft subregional housing allocations, preparing and approving the final subregional housing allocation, and conducting the required public hearings. A sample Delegation Agreement is attached herein as Exhibit B.

In developing its subregional allocation methodology, it should be noted that if the subregional entity adopts a social equity/fair share adjustment as part of its subregional allocation methodology that is different from the one adopted by SCAG, and applies the adjustment to its subregional total, a gap in certain income categories will emerge between the subregion and the rest of the applicable county. To address the issue, the subregional entity agrees that it will be responsible for maintaining its exact subregional housing target by income categories assigned by SCAG. After the delegated subregion applies its social equity/fair share adjustment, the subregional entity may exercise its discretion to distribute any missing or extra units in each income category to its own jurisdictions, so as to meet the exact subregional housing total and income distribution assigned by SCAG.

SCAG anticipates receiving the Regional Housing Need Determination from the State of California Department of Housing and Community Development (HCD) in August 2011. A subregional housing target will be issued afterwards by SCAG to the subregional entity as part of a required public hearing. These targets will be based upon such factors as the delegate subregions' share of the household growth from January 1, 2011 to December 31, 2021, a healthy market vacancy rate, and replacement needs based upon demolitions from all jurisdictions within the delegated subregion.

The subregional entity's share of the regional housing target is to be consistent with the distribution of households assumed for the comparable time period within the 2012 Regional Transportation Plan/Sustainable Communities Strategy. The final subregional allocation will be submitted to SCAG for approval before SCAG prepares its final RHNA plan.

In the event a subregional entity fails to fulfill its responsibilities provided under state law or in accordance with the subregional Delegation Agreement, SCAG will be required to develop and make final allocation to members of the subregional entity, according to the regionally adopted method pursuant to Government Code Section 65584 and 65584.04.

Financial Assistance for Delegation

SCAG staff has budgeted approximately \$200,000 as financial assistance for subregional delegation. In order to best utilize these limited funds, SCAG

shall provide \$1000 for each local jurisdiction in a subregional entity who accepts delegation, based upon dividing \$200,000 into the total number of jurisdictions in the SCAG region (which is approximately 200 since there are 190 cities and 6 counties in the SCAG region). The amount of the respective financial assistance for the subregional entity and its distribution shall be outlined in the Delegation Agreement.

Proposed Timeline for Subregional Delegation

The following represents the proposed time for RHNA subregional delegation:

By June 30, 2011	Notice of Intent submitted by proposed Subregional Entity
By July 30, 2011	SCAG to provide Subregional Entity with Growth Forecast information and survey information regarding AB 2158 factors
By August 31, 2011	State HCD to provide SCAG with Regional Housing Need Determination
By August 31, 2011	Deadline for SCAG and Subregional Entity to enter into Delegation Agreement (adopting resolutions to be approved beforehand)
By Sept. 30, 2011	SCAG to provide Subregional Entity with Subregional Housing Need Determination as part of public hearing
By Oct. 31, 2011	SCAG releases its proposed Regional Allocation Methodology; Subregional Entity releases its proposed Subregional Allocation Methodology
By Dec. 31, 2011	SCAG approves final Regional Allocation Methodology; Subregional Entity approves final Subregional Allocation Methodology; last day for Subregional Entity to terminate Delegation Agreement and relinquishes it delegation responsibilities
By April 5, 2012	SCAG releases Draft RHNA Plan; Subregional Entity Releases Draft Sugregional Housing Allocation Plan
Spring-Summer 2012	Revisions requests and/or appeals (if any) processes by SCAG and Subregional Entity
By August 31, 2012	Subregional Entity to approve it Final Subregional Housing Allocation Plan and submit it to SCAG

By October 4, 2012	SCAG to approve its Final RHNA Plan, which incorporates the Final Subregional Housing Allocation Plan by the Subregional Entity; Submittal of Final RHNA Plan to State HCD
By December 4, 2012	Deadline for HCD to approve SCAG's Final RHNA Plan
October 31, 2013	Deadline for updates of Local Housing Elements

Attachments to these Guidelines:
Exhibit A – Sample Delegation Resolution
Exhibit B – Sample Delegation Agreement

**RESOLUTION OF (NAME OF LOCAL JURISDICTION)
ESTABLISHING SUBREGIONAL ENTITY FOR PURPOSES
OF DEVELOPING SUBREGIONAL HOUSING ALLOCATION PLAN TO BE
INCLUDED IN REGIONAL HOUSING ALLOCATION PLAN BY THE
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**

Whereas, the California Legislature has declared, in Government Code Section 65580, that the availability of housing is of vital state importance, and it is a goal of the State of California to expand housing opportunities and accommodate housing needs of Californians in all economic levels;

Whereas, counties and cities within California, in order to ensure attainment of the State's housing goal, are required under state law to adopt a general plan, which must include a housing element, which identifies and analyzes existing and projected housing needs, and enumerates goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement and development of housing to meet the needs of all economic segments of the community;

Whereas, Government Code Section 65583(a) requires each such housing element to provide an assessment of the "share" of regional housing needs which must be borne by a local jurisdiction, and an inventory of resources and constraints relevant to the meeting of those needs;

Whereas, the Southern California Association of Governments (SCAG) is a joint powers authority agency representing six counties: Los Angeles, Orange, San Bernardino, Riverside, Ventura and Imperial; and is mandated by the federal and state law to research and develop long range regional plans related to transportation, growth, waste management, air quality and housing;

Whereas, SCAG, in consultation with the California Department of Housing and Community Development ("HCD" herein), is required to determine the existing and projected need for housing for the SCAG region pursuant to Government Code Sections 65584 et seq. by way of preparation of a Regional Housing Needs Assessment ("RHNA");

Whereas, counties and cities use the RHNA to prepare updates to its respective housing elements, and specifically, its assessment of its "share" of the regional housing needs;

Whereas, SCAG is preparing the fifth update of the RHNA and intends to submit the RHNA to HCD on or about October 4, 2012. Counties and cities within the SCAG region thereafter are required to prepare and submit their respective updated housing elements to HCD by October 30, 2013; and

Whereas, SCAG is authorized under current state law to delegate the responsibility of allocating the projected housing need for jurisdictions with a subregion to a subregional entity by way of a written agreement.

NOW, THEREFORE, BE IT RESOLVED by the (City Council/Board of Supervisors) of the (Name of Local Jurisdiction):

1. The (Name of Local Jurisdiction) agrees to form a “subregional entity” within the meaning set forth in Government Code Section 65583 with the jurisdictions of _____ (collectively referred to herein as “Subregion”). This Subregion desires to accept delegation of the responsibility of allocating the total housing need for the local governments in its Subregion, under the terms and conditions of a written agreement to be entered into between the Subregion and SCAG.

2. The (Name of Local Jurisdiction) authorizes _____ to act on behalf of the Subregion for purposes of facilitating the application of this Resolution.

APPROVED AND ADOPTED by the (City Council/Board of Supervisors) of the (Name of Local Jurisdiction) on this ____ day of _____, 2011.

Exhibit "A" to RHNA Delegation Agreement

California Govt. Code Sections 65584-65584.05 ("RHNA" Statutes)

§ 65584. Existing and projected regional housing needs; share of city or county needs; determination; objectives; household income levels; exemption from environmental regulations

(a)(1) For the fourth and subsequent revisions of the housing element pursuant to Section 65588, the department shall determine the existing and projected need for housing for each region pursuant to this article. For purposes of subdivision (a) of Section 65583, the share of a city or county of the regional housing need shall include that share of the housing need of persons at all income levels within the area significantly affected by the general plan of the city or county.

(2) While it is the intent of the Legislature that cities, counties, and cities and counties should undertake all necessary actions to encourage, promote, and facilitate the development of housing to accommodate the entire regional housing need, it is recognized, however, that future housing production may not equal the regional housing need established for planning purposes.

(b) The department, in consultation with each council of governments, shall determine each region's existing and projected housing need pursuant to Section 65584.01 at least two years prior to the scheduled revision required pursuant to Section 65588. The appropriate council of governments, or for cities and counties without a council of governments, the department, shall adopt a final regional housing need plan that allocates a share of the regional housing need to each city, county, or city and county at least one year prior to the scheduled revision for the region required by Section 65588. The allocation plan prepared by a council of governments shall be prepared pursuant to Sections 65584.04 and 65584.05 with the advice of the department.

(c) Notwithstanding any other provision of law, the due dates for the determinations of the department or for the council of governments, respectively, regarding the regional housing need may be extended by the department by not more than 60 days if the extension will enable access to more recent critical population or housing data from a pending or recent release of the United States Census Bureau or the Department of Finance. If the due date for the determination of the department or the council of governments is extended for this reason, the department shall extend the corresponding housing element revision deadline pursuant to Section 65588 by not more than 60 days.

(d) The regional housing needs allocation plan shall be consistent with 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, and the encouragement of efficient development patterns.

(3) Promoting an improved intraregional relationship between jobs and housing.

(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 decennial United States census.

(e) For purposes of this section, "household income levels" are as determined by the department as of the most recent decennial census pursuant to the following code sections:

- (1) Very low incomes as defined by Section 50105 of the Health and Safety Code.
 - (2) Lower incomes, as defined by Section 50079.5 of the Health and Safety Code.
 - (3) Moderate incomes, as defined by Section 50093 of the Health and Safety Code.
 - (4) Above moderate incomes are those exceeding the moderate-income level of Section 50093 of the Health and Safety Code.
- (f) Notwithstanding any other provision of law, determinations made by the department, a council of governments, or a city or county pursuant to this section or Section 65584.01, 65584.02, 65584.03, 65584.04, 65584.05, 65584.06, 65584.07, or 65584.08 are exempt from the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

§ 65584.01. Existing and projected regional housing needs; manner of determination

(a) For the fourth and subsequent revision of the housing element pursuant to Section 65588, the department, in consultation with each council of governments, where applicable, shall determine the existing and projected need for housing for each region in the following manner:

(b) The department's determination shall be based upon population projections produced by the Department of Finance and regional population forecasts used in preparing regional transportation plans, in consultation with each council of governments. If the total regional population forecast for the planning period, developed by the council of governments and used for the preparation of the regional transportation plan, is within a range of 3 percent of the total regional population forecast for the planning period over the same time period by the Department of Finance, then the population forecast developed by the council of governments shall be the basis from which the department determines the existing and projected need for housing in the region. If the difference between the total population growth projected by the council of governments and the total population growth projected for the region by the Department of Finance is greater than 3 percent, then the department and the council of governments shall meet to discuss variances in methodology used for population projections and seek agreement on a population projection for the region to be used as a basis for determining the existing and projected housing need for the region. If no agreement is reached, then the population projection for the region shall be the population projection for the region prepared by the Department of Finance as may be modified by the department as a result of discussions with the council of governments.

(c)(1) At least 26 months prior to the scheduled revision pursuant to Section 65588 and prior to developing the existing and projected housing need for a region, the department shall meet and consult with the council of governments regarding the assumptions and methodology to be used by the department to determine the region's housing needs. The council of governments shall provide data assumptions from the council's projections, including, if available, the following data for the region:

- (A) Anticipated household growth associated with projected population increases.
- (B) Household size data and trends in household size.
- (C) The rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures.
- (D) The vacancy rates in existing housing stock, and the vacancy rates for healthy housing market functioning and regional mobility, as well as housing replacement needs.
- (E) Other characteristics of the composition of the projected population.

(F) The relationship between jobs and housing, including any imbalance between jobs and housing.

(2) The department may accept or reject the information provided by the council of governments or modify its own assumptions or methodology based on this information. After consultation with the council of governments, the department shall make determinations in writing on the assumptions for each of the factors listed in subparagraphs (A) to (F), inclusive, of paragraph (1) and the methodology it shall use and shall provide these determinations to the council of governments.

(d)(1) After consultation with the council of governments, the department shall make a determination of the region's existing and projected housing need based upon the assumptions and methodology determined pursuant to subdivision (c). The region's existing and projected housing need shall reflect the achievement of a feasible balance between jobs and housing within the region using the regional employment projections in the applicable regional transportation plan. Within 30 days following notice of the determination from the department, the council of governments may file an objection to the department's determination of the region's existing and projected housing need with the department.

(2) The objection shall be based on and substantiate either of the following:

(A) The department failed to base its determination on the population projection for the region established pursuant to subdivision (b), and shall identify the population projection which the council of governments believes should instead be used for the determination and explain the basis for its rationale.

(B) The regional housing need determined by the department is not a reasonable application of the methodology and assumptions determined pursuant to subdivision (c). The objection shall include a proposed alternative determination of its regional housing need based upon the determinations made in subdivision (c), including analysis of why the proposed alternative would be a more reasonable application of the methodology and assumptions determined pursuant to subdivision (c).

(3) If a council of governments files an objection pursuant to this subdivision and includes with the objection a proposed alternative determination of its regional housing need, it shall also include documentation of its basis for the alternative determination. Within 45 days of receiving an objection filed pursuant to this section, the department shall consider the objection and make a final written determination of the region's existing and projected housing need that includes an explanation of the information upon which the determination was made.

§ 65584.02. Existing and projected regional housing needs; alternative manner of determination

(a) For the fourth and subsequent revisions of the housing element pursuant to Section 65588, the existing and projected need for housing may be determined for each region by the department as follows, as an alternative to the process pursuant to Section 65584.01:

(1) In a region in which at least one subregion has accepted delegated authority pursuant to Section 65584.03, the region's housing need shall be determined at least 26 months prior to the housing element update deadline pursuant to Section 65588. In a region in which no subregion has accepted delegation pursuant to Section 65584.03, the region's housing need shall be determined at least 24 months prior to the housing element deadline.

(2) At least six months prior to the department's determination of regional housing need pursuant to paragraph (1), a council of governments may request the use of population and household forecast assumptions used in the regional transportation plan. This request shall include all of the following:

(A) Proposed data and assumptions for factors contributing to housing need beyond household growth identified in the forecast. These factors shall include allowance for vacant or replacement units, and may

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include other adjustment factors.

(B) A proposed planning period that is not longer than the period of time covered by the regional transportation improvement plan or plans of the region pursuant to Section 14527, but a period not less than five years, and not longer than six years.

(C) A comparison between the population and household assumptions used for the Regional Transportation Plan with population and household estimates and projections of the Department of Finance.

(b) The department shall consult with the council of governments regarding requests submitted pursuant to paragraph (2) of subdivision (a). The department may seek advice and consult with the Demographic Research Unit of the Department of Finance, the State Department of Transportation, a representative of a contiguous council of governments, and any other party as deemed necessary. The department may request that the council of governments revise data, assumptions, or methodology to be used for the determination of regional housing need, or may reject the request submitted pursuant to paragraph (2) of subdivision (a). Subsequent to consultation with the council of governments, the department will respond in writing to requests submitted pursuant to paragraph (1) of subdivision (a).

(c) If the council of governments does not submit a request pursuant to subdivision (a), or if the department rejects the request of the council of governments, the determination for the region shall be made pursuant to Sections 65584 and 65584.01.

§ 65584.03. Subregional entity for allocation of existing and projected housing needs; notification of formation; determination; failure to complete allocation

(a) At least 28 months prior to the scheduled housing element update required by Section 65588, at least two or more cities and a county, or counties, may form a subregional entity for the purpose of allocation of the subregion's existing and projected need for housing among its members in accordance with the allocation methodology established pursuant to Section 65584.04. The purpose of establishing a subregion shall be to recognize the community of interest and mutual challenges and opportunities for providing housing within a subregion. A subregion formed pursuant to this section may include a single county and each of the cities in that county or any other combination of geographically contiguous local governments and shall be approved by the adoption of a resolution by each of the local governments in the subregion as well as by the council of governments. All decisions of the subregion shall be approved by vote as provided for in rules adopted by the local governments comprising the subregion or shall be approved by vote of the county or counties, if any, and the majority of the cities with the majority of population within a county or counties.

(b) Upon formation of the subregional entity, the entity shall notify the council of governments of this formation. If the council of governments has not received notification from an eligible subregional entity at least 28 months prior to the scheduled housing element update required by Section 65588, the council of governments shall implement the provisions of Sections 65584 and 65584.04. The delegate subregion and the council of governments shall enter into an agreement that sets forth the process, timing, and other terms and conditions of the delegation of responsibility by the council of governments to the subregion.

(c) At least 25 months prior to the scheduled revision, the council of governments shall determine the share of regional housing need assigned to each delegate subregion. The share or shares allocated to the delegate subregion or subregions by a council of governments shall be in a proportion consistent with the distribution of households assumed for the comparable time period of the applicable regional transportation plan. Prior to allocating the regional housing needs to any delegate subregion or subregions, the council of governments shall hold at least one public hearing, and may consider requests for revision of the proposed allocation to a subregion. If a proposed revision is rejected, the council of governments shall respond with a written explanation of why the proposed revised share has not been accepted.

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(d) Each delegate subregion shall fully allocate its share of the regional housing need to local governments within its subregion. If a delegate subregion fails to complete the regional housing need allocation process among its member jurisdictions in a manner consistent with this article and with the delegation agreement between the subregion and the council of governments, the allocations to member jurisdictions shall be made by the council of governments.

§ 65584.04. Methodology for distributing existing and projected regional housing need to cities and counties; development; survey of member jurisdictions; public participation; factors; adoption following public comment period; coordination with regional transportation plan

(a) At least two years prior to a scheduled revision required by Section 65588, each council of governments, or delegate subregion as applicable, shall develop a proposed methodology for distributing the existing and projected regional housing need to cities, counties, and cities and counties within the region or within the subregion, where applicable pursuant to this section. The methodology shall be consistent with the objectives listed in subdivision (d) of Section 65584.

(b)(1) No more than six months prior to the development of a proposed methodology for distributing the existing and projected housing need, each council of governments shall survey each of its member jurisdictions to request, at a minimum, information regarding the factors listed in subdivision (d) that will allow the development of a methodology based upon the factors established in subdivision (d).

(2) The council of governments shall seek to obtain the information in a manner and format that is comparable throughout the region and utilize readily available data to the extent possible.

(3) The information provided by a local government pursuant to this section shall be used, to the extent possible, by the council of governments, or delegate subregion as applicable, as source information for the methodology developed pursuant to this section. The survey shall state that none of the information received may be used as a basis for reducing the total housing need established for the region pursuant to Section 65584.01.

(4) If the council of governments fails to conduct a survey pursuant to this subdivision, a city, county, or city and county may submit information related to the items listed in subdivision (d) prior to the public comment period provided for in subdivision (c).

(c) Public participation and access shall be required in the development of the methodology and in the process of drafting and adoption of the allocation of the regional housing needs. Participation by organizations other than local jurisdictions and councils of governments shall be solicited in a diligent effort to achieve public participation of all economic segments of the community. The proposed methodology, along with any relevant underlying data and assumptions, and an explanation of how information about local government conditions gathered pursuant to subdivision (b) has been used to develop the proposed methodology, and how each of the factors listed in subdivision (d) is incorporated into the methodology, shall be distributed to all cities, counties, any subregions, and members of the public who have made a written request for the proposed methodology. The council of governments, or delegate subregion, as applicable, shall conduct at least one public hearing to receive oral and written comments on the proposed methodology.

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs:

(1) Each member jurisdiction's existing and projected jobs and housing relationship.

(2) The opportunities and constraints to development of additional housing in each member jurisdiction,

including all of the following:

(A) 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.

(B) 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.

(C) 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.

(D) County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

(3) 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.

(4) The market demand for housing.

(5) Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

(6) 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.

(7) High-housing cost burdens.

(8) The housing needs of farmworkers.

(9) 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.

(10) Any other factors adopted by the council of governments.

(e) The council of governments, or delegate subregion, as applicable, shall explain in writing how each of the factors described in subdivision (d) was incorporated into the methodology and how the methodology is consistent with subdivision (d) of Section 65584. The methodology may include numerical weighting.

(f) Any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits issued by a city or county shall not be a justification for a determination or a reduction in the share of a city or county of the regional housing need.

(g) In addition to the factors identified pursuant to subdivision (d), the council of governments, or delegate subregion, as applicable, shall identify any existing local, regional, or state incentives, such as a priority for funding or other incentives available to those local governments that are willing to accept a higher share than proposed in the draft allocation to those local governments by the council of governments or delegate subregion pursuant to Section 65584.05.

(h) Following the conclusion of the 60-day public comment period described in subdivision (c) on the proposed allocation methodology, and after making any revisions deemed appropriate by the council of governments, or delegate subregion, as applicable, as a result of comments received during the public comment period, each council of governments, or delegate subregion, as applicable, shall adopt a final regional, or subregional, housing need allocation methodology and provide notice of the adoption of the methodology to the jurisdictions within the region, or delegate subregion as applicable, and to the department.

(i)(1) It is the intent of the Legislature that housing planning be coordinated and integrated with the regional transportation plan. To achieve this goal, the allocation plan shall allocate housing units within the region consistent with the development pattern included in the sustainable communities strategy.

(2) The final allocation plan shall ensure that the total regional housing need, by income category, as determined under Section 65584, is maintained, and that each jurisdiction in the region receive an allocation of units for low- and very low income households.

(3) The resolution approving the final housing need allocation plan shall demonstrate that the plan is consistent with the sustainable communities strategy in the regional transportation plan.

§ 65584.05. Draft allocation of regional housing needs; distribution; request for revisions and modification; appeal; public hearings; proposed final allocation and adoption of final plan; authority of council of governments

(a) At least one and one-half years prior to the scheduled revision required by Section 65588, each council of governments and delegate subregion, as applicable, shall distribute a draft allocation of regional housing needs to each local government in the region or subregion, where applicable, based on the methodology adopted pursuant to Section 65584.04. The draft allocation shall include the underlying data and methodology on which the allocation is based. It is the intent of the Legislature that the draft allocation should be distributed prior to the completion of the update of the applicable regional transportation plan. The draft allocation shall distribute to localities and subregions, if any, within the region the entire regional housing need determined pursuant to Section 65584.01 or within subregions, as applicable, the subregion's entire share of the regional housing need determined pursuant to Section 65584.03.

(b) Within 60 days following receipt of the draft allocation, a local government may request from the council of governments or the delegate subregion, as applicable, a revision of its share of the regional housing need in accordance with the factors described in paragraphs (1) to (9), inclusive, of subdivision (d) of Section 65584.04, including any information submitted by the local government to the council of governments pursuant to subdivision (b) of that section. The request for a revised share shall be based upon comparable data available for all affected jurisdictions and accepted planning methodology, and supported by adequate documentation.

(c) Within 60 days after the request submitted pursuant to subdivision (b), the council of governments or delegate subregion, as applicable, shall accept the proposed revision, modify its earlier determination, or indicate, based upon the information and methodology described in Section 65584.04, why the proposed revision is inconsistent with the regional housing need.

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(d) If the council of governments or delegate subregion, as applicable, does not accept the proposed revised share or modify the revised share to the satisfaction of the requesting party, the local government may appeal its draft allocation based upon either or both of the following criteria:

(1) The council of governments or delegate subregion, as applicable, failed to adequately consider the information submitted pursuant to subdivision (b) of Section 65584.04, or a significant and unforeseen change in circumstances has occurred in the local jurisdiction that merits a revision of the information submitted pursuant to that subdivision.

(2) The council of governments or delegate subregion, as applicable, failed to determine its share of the regional housing need in accordance with the information described in, and the methodology established pursuant to Section 65584.04.

(e) The council of governments or delegate subregion, as applicable, shall conduct public hearings to hear all appeals within 60 days after the date established to file appeals. The local government shall be notified within 10 days by certified mail, return receipt requested, of at least one public hearing on its appeal. The date of the hearing shall be at least 30 days and not more than 35 days after the date of the notification. Before taking action on an appeal, the council of governments or delegate subregion, as applicable, shall consider all comments, recommendations, and available data based on accepted planning methodologies submitted by the appellant. The final action of the council of governments or delegate subregion, as applicable, on an appeal shall be in writing and shall include information and other evidence explaining how its action is consistent with this article. The final action on an appeal may require the council of governments or delegate subregion, as applicable, to adjust the allocation of a local government that is not the subject of an appeal.

(f) The council of governments or delegate subregion, as applicable, shall issue a proposed final allocation within 45 days after the completion of the 60-day period for hearing appeals. The proposed final allocation plan shall include responses to all comments received on the proposed draft allocation and reasons for any significant revisions included in the final allocation.

(g) In the proposed final allocation plan, the council of governments or delegate subregion, as applicable, shall adjust allocations to local governments based upon the results of the revision request process and the appeals process specified in this section. If the adjustments total 7 percent or less of the regional housing need determined pursuant to Section 65584.01, or, as applicable, total 7 percent or less of the subregion's share of the regional housing need as determined pursuant to Section 65584.03, then the council of governments or delegate subregion, as applicable, shall distribute the adjustments proportionally to all local governments. If the adjustments total more than 7 percent of the regional housing need, then the council of governments or delegate subregion, as applicable, shall develop a methodology to distribute the amount greater than the 7 percent to local governments. In no event shall the total distribution of housing need equal less than the regional housing need, as determined pursuant to Section 65584.01, nor shall the subregional distribution of housing need equal less than its share of the regional housing need as determined pursuant to Section 65584.03. Two or more local governments may agree to an alternate distribution of appealed housing allocations between the affected local governments. If two or more local governments agree to an alternative distribution of appealed housing allocations that maintains the total housing need originally assigned to these communities, then the council of governments shall include the alternative distribution in the final allocation plan.

(h) Within 45 days after the issuance of the proposed final allocation plan by the council of governments and each delegate subregion, as applicable, the council of governments shall hold a public hearing to adopt a final allocation plan. To the extent that the final allocation plan fully allocates the regional share of statewide housing need, as determined pursuant to Section 65584.01, the council of governments shall have final authority to determine the distribution of the region's existing and projected housing need as determined pursuant to Section 65584.01. The council of governments shall submit its final allocation plan to the department within three days of adoption. Within 60 days after the department's receipt of the final allocation plan adopted by the council of governments, the department shall determine whether or not the

final allocation plan is consistent with the existing and projected housing need for the region, as determined pursuant to Section 65584.01. The department may revise the determination of the council of governments if necessary to obtain this consistency.

(i) Any authority of the council of governments to review and revise the share of a city or county of the regional housing need under this section shall not constitute authority to revise, approve, or disapprove the manner in which the share of the city or county of the regional housing need is implemented through its housing program.

Exhibit “B” to RHNA Delegation Agreement

RHNA Subregional Delegation Timeline

By June 30, 2011	Notice of Intent submitted by proposed Subregional Entity
By July 30, 2011	SCAG to provide Subregional Entity with Growth Forecast information and survey information regarding AB 2158 factors
By August 31, 2011	State HCD to provide SCAG with Regional Housing Need Determination
By August 31, 2011	Deadline for SCAG and Subregional Entity to enter into Delegation Agreement (adopting resolutions to be approved beforehand)
By Sept. 30, 2011	SCAG to provide Subregional Entity with Subregional Housing Need Determination as part of public hearing
By Oct. 31, 2011	SCAG releases its proposed Regional Allocation Methodology; Subregional Entity releases its proposed Subregional Allocation Methodology
By Dec. 31, 2011	SCAG approves final Regional Allocation Methodology; Subregional Entity approves final Subregional Allocation Methodology; last day for Subregional Entity to terminate Delegation Agreement and relinquishes its delegation responsibilities
By April 5, 2012	SCAG releases Draft RHNA Plan; Subregional Entity Releases Draft Subregional Housing Allocation Plan
Spring-Summer 2012	Revisions requests and/or appeals (if any) processed by SCAG and Subregional Entity
By August 31, 2012	Subregional Entity to approve its Final Subregional Housing Allocation Plan and submit it to SCAG
By October 4, 2012	SCAG to approve its Final RHNA Plan, which incorporates the Final Subregional Housing Allocation Plan by the Subregional Entity; Submittal of Final RHNA Plan to State HCD
By December 4, 2012	Deadline for HCD to approve SCAG’s Final RHNA Plan
October 31, 2013	Deadline for updates of Local Housing Elements

**DELEGATION AGREEMENT
CONCERNING HOUSING NEEDS ASSESSMENT
BETWEEN THE SOUTHERN CALIFORNIA ASSOCIATION OF
GOVERNMENTS AND (NAME OF SUBREGIONAL ENTITY)**

This Delegation Agreement (“Agreement” herein) is made and entered into this _____ day of _____, 2011, by and between the Southern California Association of Governments, a joint powers authority established under California law (hereinafter referred to as “SCAG”), and the (NAME OF SUBREGIONAL ENTITY), a _____ (hereinafter referred to as “Subregion”), collectively referred to herein as the “Parties.”

RECITALS

The following recitals are a substantive part of this Agreement, and are incorporated herein by this reference.

A. The California Legislature has declared, in Government Code Section 65580, that the availability of housing is of vital state importance, and it is a goal of the State of California to expand housing opportunities and accommodate housing needs of Californians in all economic levels.

B. Counties and cities within California, in order to ensure attainment of the State’s housing goal, are required under state law to adopt a general plan, which must include a housing element, which identifies and analyzes existing and projected housing needs, and enumerates goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement and development of housing to meet the needs of all economic segments of the community.

C. Government Code Section 65583(a) requires each such housing element to provide an assessment of the “share” of regional housing needs which must be borne by a local jurisdiction, and an inventory of resources and constraints relevant to the meeting of those needs.

D. SCAG is a joint powers authority agency representing six counties: Los Angeles, Orange, San Bernardino, Riverside, Ventura and Imperial; and is mandated by the federal and state law to research and develop long range regional plans related to transportation, growth, waste management, air quality and housing.

E. SCAG, in consultation with the California Department of Housing and Community Development (“HCD” herein), is required to determine the existing and projected need for housing for the SCAG region pursuant to Government Code Sections 65584 et seq. by way of preparation of a Regional Housing Needs Assessment (“RHNA”). Copies of Government Code Section 65584 et seq. are attached with this Agreement as Exhibit “A.”

F. Counties and cities use the RHNA to prepare updates to its respective housing elements, and specifically, its assessment of its “share” of the regional housing needs.

G. SCAG is preparing the fifth update of the RHNA and intends to submit the RHNA to HCD on or about October 4, 2012. Counties and cities within the SCAG region thereafter are required to prepare and submit their respective updated housing elements to HCD by October 30, 2013.

H. SCAG is authorized under current state law to delegate the responsibility of allocating the projected housing need for jurisdictions with a subregion to a subregional entity by way of a written agreement.

J. The Subregion is a “subregional entity” within the meaning set forth in Government Code Section 65583 and desires to accept delegation of the responsibility of allocating the total housing need for the local governments in its subregion, under the terms and conditions of this Agreement.

NOW, THEREFORE, the Parties hereby agree as follows:

I. Parties and Purpose.

A. The Executive Director of SCAG, or his designee, and the _____ of Subregion, or his designee, are authorized to execute this Agreement and carry out the responsibilities of the Parties herein.

B. The purpose of this Agreement is to establish the responsibilities of the Parties associated with preparation of the fifth update of RHNA as they relate to delegation of the housing allocation process.

II. Definitions:

For purposes of this Agreement, the following terms shall be defined as follows:

“Final Subregional Housing Allocation” shall mean the final allocation made by Subregion for each city or county with the Subregion, of its share of the Total Subregional Allocation, which shall be issued by the Subregion after conclusion of the appeal and trade and transfer process, as described in Section IV, subsections D and E, below.

“Final RHNA Plan” shall mean the final allocation of regional housing need to cities and counties within the SCAG region adopted by SCAG for submittal to HCD.

“Integrated Growth Forecast” shall mean the growth scenario established by SCAG for the 2012 Regional Transportation Plan and 2012 RHNA and ties housing to transportation planning.

“Subregional Allocation Methodology” shall mean the methodology to be used by Subregion in distributing the Total Subregional Allocation to the local jurisdictions within the Subregion.

“Total Regional Allocation” shall mean the share of the statewide housing need assigned to the SCAG region by HCD.

“Total Subregional Allocation” shall mean the share of the Total Regional Allocation assigned to the Subregion by SCAG.

III. Duties of SCAG:

For purposes of this Agreement, SCAG shall be responsible for the following duties:

- A. Furnishing Total Subregional Allocation. SCAG shall furnish to Subregion the Total Subregional Allocation.
- B. Furnishing background information regarding Integrated Growth Forecast and AB 2158 factors. SCAG shall furnish to Subregion background data and information regarding SCAG’s Integrated Growth Forecast and survey information regarding AB 2158 factors, which may be necessary for Subregion’s preparation of its Final Allocation of Local Housing Need.
- C. Review of Subregional Allocation Methodology. SCAG shall review the Subregional Allocation Methodology to ensure its consistency with the applicable provisions of Government Code Section 65584 et seq., and the terms of this Agreement.
- D. Review of Final Subregional Housing Allocation. SCAG shall review the Final Subregional Housing Allocation established by Subregion in order to ensure its consistency with the applicable provisions of Government Code Section 65584 et seq., and the terms of this Agreement. In the event that the Final Allocation of Local Housing Need established by Subregion is inconsistent with the applicable provisions of Government Code Section 65584 et seq., or the terms of this Agreement, SCAG reserves the right to make the final housing need allocations to counties and cities within the Subregion in accordance with subdivision (d) of Government Code Section 65584.03.

IV. Duties of Subregion:

For purposes of this Agreement, the Subregion in accepting delegation shall be responsible for the following duties:

- A. Determination of Subregional Allocation Methodology. Subregion shall develop and adopt a Subregional Allocation Methodology in accordance with the provisions of Government Code Section 65584 et seq., including but not limited to Government Code Section 65584 and 65584.04. If the Subregion adopts a social equity/fair share adjustment as part of its Subregional Allocation Methodology that is different from the social equity/fair share adjustment adopted by SCAG, and applies the adjustment to its subregional total, a gap in certain income categories will emerge between the Subregion and the rest of the applicable county. To address the issue, the Subregion shall be responsible for maintaining its Total Subregional Allocation by income categories assigned by SCAG. After the Subregion applies its social equity/fair share adjustment, the Subregion may exercise its discretion to distribute any missing or extra units in each income category to its own jurisdictions, so as to maintain the Total Subregional Allocation by income category as assigned by SCAG.
- B. Determination of Final Subregional Housing Allocation. Subregion shall determine the Final Subregional Housing Allocation for each city and/or county contained within the boundaries of the Subregion in accordance with the applicable requirements of Government Code Section 66584 et seq. Subregion's determination of the Final Subregional Housing Allocation shall be consistent with the Integrated Growth Forecast and the Subregional Allocation Methodology. This determination shall be made in a cooperative manner with the affected city or county governments.
- C. Maintain Total Subregional Allocation. In determining the Final Subregional Housing Allocation, the Subregion shall maintain the Total Subregional Allocation. Maintenance of the Total Subregional Allocation shall mean to account for the total housing need originally assigned to Subregion by SCAG. By way of example, this means a downward adjustment in one jurisdiction's allocation as a result of the Subregion's grant of the jurisdiction's appeal shall be offset by an upward adjustment in the allocation(s) of another jurisdiction(s) in the Subregion.
- D. Administer Revision Requests and Appeals Processes. The Subregion shall administer and facilitate revision requests and appeals processes for local jurisdictions within the Subregion seeking to revise or appeal the original local housing need allocation made by SCAG as part of the draft Subregional Housing Allocation plan. The Subregion shall administer the revision requests and appeals processes in accordance with the applicable provisions of Government Code Section 66584.05. The Subregion shall

adjust allocations to local governments based upon the results of the revision requests and appeals processes, and follow the provisions set forth in subdivision (g) of Government Code Section 65584.05 relating to adjustments. Local jurisdictions shall have no separate right of appeal to SCAG.

- E. Administer Trade and Transfer Process. The Subregion may administer a “trade and transfer process” prior to adoption of its Final Subregional Housing Allocation. This trade and transfer process may involve the Subregion facilitating negotiations between two or more cities relating to an alternate distribution of housing allocations between the affected cities. If the alternate distribution maintains the total housing need originally assigned to these communities, the Subregion shall include the alternate distribution in Subregion’s Final Subregional Housing Allocation. The trade and transfer process may commence before the start of the revision requests and appeals processes and continue until the Subregion’s adoption of its Final Subregional Housing Allocation. Trades and transfers may also occur outside of the Subregion provided the Total Subregional Allocation is maintained or accounted for. To the extent that SCAG develops guidelines relating to a trade and transfer process, Subregion’s administration of its trade and transfer shall be consistent with these guidelines.

- F. Compliance with RHNA Subregional Delegation Timeline and Submission of Subregion’s Final Subregional Housing Allocation. Subregion shall comply and adhere to the SCAG RHNA Timeline, attached hereto as Exhibit “B.” Subregion shall deliver its Final Subregional Housing Allocation to SCAG in time to be included as part of SCAG’s public hearing relating to the adoption of SCAG’s Final RHNA Plan, unless this Agreement is terminated pursuant to Section VI herein.

- G. Records Maintenance. The Subregion shall maintain organized files of all public records and materials prepared or received in connection with any official business taken pursuant to this Agreement. Subregion shall also maintain a written record of any administrative proceeding conducted pursuant to this Agreement, whether by tape recording or by other means. Subregion shall make such records available to SCAG upon written request to Subregion. Subregion shall maintain these records for a period of not less than three (3) years after submission of its Final Subregional Housing Allocation to SCAG.

V. **Financial Assistance.**

In consideration for Subregion’s agreement to undertake all delegation duties required by this Agreement, SCAG shall provide to Subregion financial assistance in the maximum amount of _____ (fill in amount which is based upon

\$1,000 for each local government in the Subregion), hereinafter referred to as “Financial Assistance”. Subregion shall utilize the Financial Assistance solely to implement the terms of this Agreement, including but not limited to, providing staffing (both administrative and technical) to undertake the delegation duties required herein. Subregion shall be responsible for any additional costs required to implement this Agreement that is above the amount of Financial Assistance.

SCAG shall disburse the Financial Assistance to Subregion based upon the following performance milestones:

1. Full Execution of Agreement: Disbursement of 25% of Financial Assistance;
2. Release of draft Subregional Housing Allocation plan: Disbursement of 25% of Financial Assistance;
3. Completion of Revision Requests/Appeals Processes: Disbursement of 25% of Financial Assistance; and
4. Delivery to SCAG and approval by SCAG of Final Subregional Housing Allocation: Disbursement of 25% of Financial Assistance.

Subregion shall submit sufficient documentation to SCAG to evidence its completion of the above-mentioned performance milestones prior to disbursement of the Financial Assistance. By way of example, in order to evidence completion of the appeals process, Subregion shall submit a written report to SCAG detailing the appeal process, including information relating to the number of appeals and its respective outcomes. SCAG shall have the right to request and review additional information from Subregion in order to approve disbursement of the Financial Assistance.

VI. Termination of Agreement.

- A. Termination by Subregion. Subregion shall have the right to terminate this Agreement without cause by giving written notice to SCAG by no later than December 31, 2011, of its intent to terminate. In such event all finished or unfinished documents, data, studies, reports or other materials prepared by Subregion relating to this Agreement shall be given to SCAG. In the event of termination, Subregion shall forfeit any Financial Assistance not disbursed by SCAG.
- B. Termination by SCAG. SCAG shall have the right to terminate this Agreement with cause, including but not limited to, if SCAG has a reasonable basis to conclude that Subregion shall be unable to fulfill in a timely and proper manner its duties under this Agreement. SCAG shall provide written notice to Subregion of its intent to terminate this Agreement, which shall be effective ten (10) days from the date on the notice. In the event of such termination, all finished or unfinished documents, data, studies, reports or other materials prepared by Subregion relating to this Agreement shall be given to SCAG in order for SCAG to determine the local allocation of need

for all cities and counties within the Subregion. As a result of termination of this Agreement, SCAG reserves the right to distribute the share of regional housing need to cities and counties within the Subregion. In the event of termination by SCAG, Subregion shall forfeit any Financial Assistance not disbursed by SCAG.

VII. Other Provisions.

- A. Notices. All notices required to be delivered under this Agreement or under applicable law shall be personally delivered, or delivered by U.S. mail, certified, or by reputable document delivery service such as Federal Express. Notices personally delivered or delivered by a document delivery service shall be effective upon receipt. Notices shall be delivered as follows:

SCAG: Southern California Assn. of Governments
Attn: Douglas Williford,
Deputy Executive Director of Planning
818 West Seventh Street, 12th Floor
Los Angeles, CA 90017-3435

Subregion: (Name of Subregional Entity)
Attn: _____

- B. Prohibition against Assignment/Subcontract. Subregion shall not assign or subcontract any rights, duties or obligation in this Agreement.
- C. Governing Law. The interpretation and enforcement of this Agreement shall be governed by the laws of the State of California.
- D. Time is of Essence. Time is expressly made of the essence with respect to the performance of the Parties and of each and every obligation and condition of this Agreement.
- E. Amendments in writing. This Agreement cannot be orally amended or modified. Any modification or amendment hereof must be in writing and signed by the Party to be charged.
- F. Interpretation; Days. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural, and the masculine shall include the feminine and neuter and vice versa. Whenever the word "day" or "days" is used herein, such shall refer to calendar day or days, unless otherwise specifically provided herein. Whenever a

reference is made herein to a particular Section of this Agreement, it shall mean and include all subsections and subparts thereof.

- G. Exhibits. All exhibits referred to in this Agreement are attached hereto and incorporated herein by reference.

- H. Cooperation between the Parties/Dispute Resolution. SCAG and Subregion are each undertaking the responsibilities of this Agreement for the benefit of their respective members. The Parties agree and acknowledge that it is their best interest to engage in cooperation and coordination with each other in order to carry out its responsibilities herein. In this spirit of cooperation, the Parties agree that neither party will seek any action in law or in equity. Disputes regarding the interpretation or application of any provision of this Agreement shall be resolved through good faith negotiations between the Parties. Changes in exigent circumstances or the RHNA Law may cause a party to conclude that this Agreement should be amended. If the Parties cannot agree on changes to this Agreement, the Parties can terminate this Agreement; in no event shall either Party seek any legal or equitable remedy against the other.

- I. Entire Agreement. This Agreement constitutes the entire understanding between the Parties. All prior agreements or understandings, whether oral or written, are superseded. Each Party is entering this Agreement based solely upon the representations set forth herein. This Agreement may be executed in counterpart originals, and when the original signatures are assembled together, shall constitute a binding agreement of the Parties.

[Signature Page to follow.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by its duly authorized officers, shall become effective as of the date in which the last of the Parties, whether SCAG or Subregion, executes this document.

**SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
("SCAG")**

**(NAME OF SUBREGIONAL ENTITY)
("Subregion")**

By _____

By _____

Date _____

Date _____

Approved as to form:

Approved as to form:

Joann Africa, Chief Counsel

By _____
Counsel for Subregion

Appendix A: A Comparison of Example Fair Share Adjustment Results

City A, City population more than 100,000, high concentration of low-income households

	Very Low	Low Income	Moderate	Above Moderate	Total
Income distribution	37% (435)	25% (298)	22% (256)	17% (198)	1,187
County distribution	24%	15%	20%	41%	

RHNA allocation after a 75% social equity adjustment:

	Very Low	Low Income	Moderate	Above Moderate	Total
Adjustment	9.75% (-113)	7.5% (-90)	1.5% (-14)	-18% (217)	0
Adjusted RHNA allocation	27% (322)	18% (208)	20% (242)	35% (414)	1,187

In this example, City A would be required to plan for less affordable units since they have a higher concentration than the county average. These affordable units will need to be met elsewhere to ensure that SCAG meets the regional RHNA total.

City B, City population less than 50,000, high concentration of higher income households

	Very Low	Low Income	Moderate	Above Moderate	Total
Income distribution	8% (4)	6% (3)	8% (4)	78% (37)	48
County distribution	24%	15%	20%	41%	

RHNA allocation after a 75% social equity adjustment

	Very Low	Low Income	Moderate	Above Moderate	Total
Adjustment	12% (+6)	7% (+3)	9% (+4)	28% (-13)	
Adjusted RHNA allocation	20% (10)	13% (6)	17% (8)	50% (24)	48

In this example, City A would be required to plan for more affordable units since they have a lower concentration than the county average.

If City A and City B were the only two cities in the subregion, there would be a gap among the adjusted construction needs for each income category. This is due to the fact that City B, while required to meet its fair share percentage, has fewer total residents that the fair share adjustment can be applied. This results in a lower absolute number in particular income categories.

	Very Low	Low Income	Moderate	Above Moderate	Total
City A, adjusted	27% (322)	18% (208)	20% (242)	35% (414)	1,187
City B, adjusted	20% (10)	13% (6)	17% (8)	50% (24)	48
Subregional Total, adjusted	332	214	250	438	1,235
Subregional Total, unadjusted	439	301	260	235	1,235
GAP	-107	-87	-10	+203	0

Appendix B: Numerical Weighting Approach to the Fair Share Adjustment Gap

Example

The growth allocation prior to a fair share adjustment for a subregional entity and other jurisdictions in the county not part of the entity are:

	Very Low	Low	Moderate	Above Moderate	Total
Subregional Entity	70	80	65	65	280
Rest of County Jurisdictions	30	40	35	55	160
County Total	100	120	100	120	440

As a result of a fair share adjustment, the total allocation results are:

	Very Low	Low	Moderate	Above Moderate	Total
Gap result	120	130	95	95	440
Difference	+20	+10	-5	-25	

The gap differences in income categories would be distributed using the weighting of the household growth assigned to respective entities. For example, the subregional entity has 70 percent of very low income housing growth out of the county's 100 unit growth. In this case, they would receive 70 percent of the gap difference, or 14 units. Conversely, the rest of the county would receive 6 very low units since it represents 30 percent of very low income growth.

	Very Low	Low	Moderate	Above Moderate
Total Difference	+20	+10	-5	-25
Subregional Entity	+14	+7	-3	-14
Rest of County	+6	+3	-2	-11