



RHNA REFORM INFORMATION AND INPUT SESSION

July 6, 2022

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Today's Agenda

- Information Session (30 min)
 - Powerpoint on RHNA Reform, SCAG 6th Cycle RHNA, and RHNA Audit
 - Q&A
- Input Session (60 min)
 - Four breakout groups by topic
 - Select a topic, then choose another one every 15 minutes
 - Facilitator and notetaker in each group
- Topic area report out (15 min)
- Next steps (5 min)



RHNA REFORM

RHNA Reform

- During the 6th RHNA cycle, a number of issues were raised by jurisdictions and stakeholders
 - Calculation of regional determination
 - Factors used to determine housing distribution in the methodology
 - Role of Connect SoCal household projections
 - And more!
- SCAG has committed to review these issues and facilitate conversations with HCD to reform RHNA

State RHNA Reform

- AB 101 (2019) requires the California Department of Housing and Community Development (HCD) to *“develop a recommended improved RHNA allocation process and methodology that promotes and streamlines housing development and substantially addresses California’s housing shortage”*
- Includes statewide stakeholder participation
- Limited to RHNA (Government Code 65584 through 65584.2)
 - **Does not include zoning or housing element issues**
- HCD must submit a report to the Legislature by December 31, 2023

SCAG RHNA Reform

Date	Action
July 6, 2022	Public Information and Input Session on RHNA reform
July 19, 2022	Housing Working Group meeting
July 21, 2022	Technical Working Group meeting
August 12, 2022	RHNA reform comments due to SCAG
TBD	Special CEHD Meeting
TBD	Presumed statewide workshops on RHNA reform by HCD
TBD	CEHD Meeting to review and approve recommendations to Regional Council
TBD	Regional Council approval of CEHD recommendations/submit final RHNA Reform recommendations to HCD
TBD	Presumed due date for comments to HCD on RHNA Reform
December 31, 2023	Due date for HCD's report to the Legislature on RHNA Reform



OVERVIEW OF THE 6TH CYCLE RHNA

Regional Housing Needs Assessment (RHNA)



State housing law requirement to determine existing and projected housing needs for each jurisdiction

8-year planning period

Not a building quota



SCAG

5th cycle: 2013-2021

6th cycle: 2021-2029

RHNA Objectives

The RHNA Allocation Plan must further the following objectives:

- 1 To increase the housing supply and mix of housing types, tenure and affordability within each region in an equitable manner
- 2 Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns



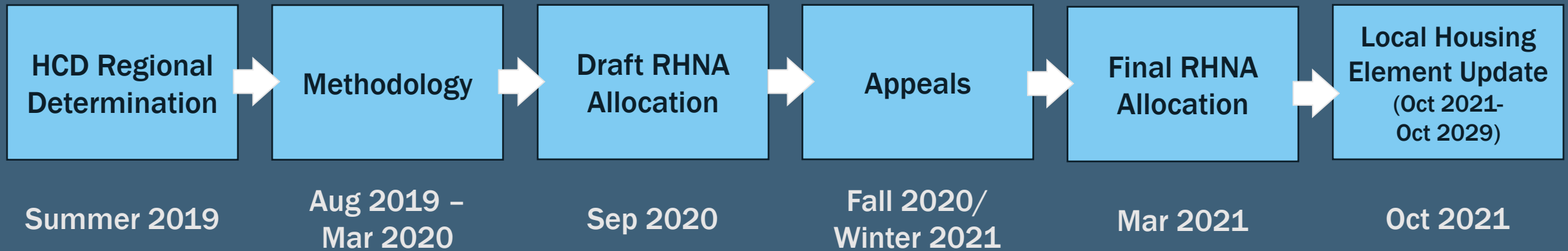
RHNA Objectives

The RHNA Allocation Plan must further the following objectives:

- 3 Promoting an improved intraregional relationship between jobs and housing
- 4 Allocating a lower proportion of housing need in income categories in jurisdictions that have a disproportionately high share in comparison to the county distribution
- 5 Affirmatively furthering fair housing (AFFH)



6th Cycle RHNA Timeline



Regional Determination

HCD provides a regional determination in consultation with SCAG and the Department of Finance (DOF)

4th Cycle
regional determination
(2006-2014)

699,368

5th Cycle
regional determination
(2013-2021)

412,137

6th Cycle
regional determination
(2021-2029)

1,341,827

Regional Determination

5 th cycle calculation	
Existing + Projected households	6,516,345
-Occupied Units (and Tribal HH)	-6,044,940
=Subtotal	468,595
+Vacancy need	13,445
+Replacement need (0.5%)	2,410
-Vacant units	-75,390
=Regional determination	409,060

6 th cycle calculation	
Existing + Projected households	6,801,760
+Vacancy need	178,896
+Overcrowding (new)	459,917
+Replacement need (0.5%)	34,010
-Occupied Units	-6,250,261
=Subtotal	1,224,352
+Cost burden (new)	117,505
=Regional determination	1,341,827

RHNA Methodology: Primary Factors

Based on:



Share of
household growth



Job Accessibility



Transit
Accessibility



Social Equity
Adjustment

- Household income distribution
- Other indicators of resources (environment, education, economy)

6th cycle RHNA Appeals Process

- Any jurisdiction and HCD could appeal a draft RHNA allocation
- All appeals were reviewed by the RHNA Appeals Board at a public hearing
- 52 appeals were filed on 49 jurisdictions
- Only 2 appeals were granted, totaling 3,132 units
- Required redistribution of units proportionately back to SCAG region

Basis for RHNA Appeals

1. Application of the RHNA methodology

2a. Planning opportunities and constraints, including:

- *Existing and projected jobs and housing relationship*
- *Water/sewer service based on decisions by provider other than the jurisdiction*
- *Open space protected by federal or State programs*
- *Rate of overcrowding*
- *Presence of a four-year college or university*

2b. Affirmatively furthering fair housing

3. Change in circumstance

Full listing in Government Code Section 65584.04(b) and (e)

Bases for Appeal

- Appeals cannot be based on:
 - Any local ordinance, policy, voter-approved measure, or standard limiting residential development
 - Prior underproduction of housing from the previous RHNA
 - Stable population numbers

Final RHNA Allocation

- Adopted March 2021
- Included redistribution of successfully appealed units
- Housing element deadline October 2021
 - As of early July, 19 jurisdictions have an adopted compliant housing element
- Rezoning deadlines adjusted due to recent enactment of SB 197



STATE RHNA AUDIT

State RHNA Audit

- Audit requested by the California State Joint Legislative Audit Committee
 - Examine HCD's RHNA regional determination process
- Three regions reviewed
 - Santa Barbara Association of Governments
 - Sacramento Area Council of Governments
 - Amador County
- Auditor's report published March 2022

State RHNA Audit: Key Findings

- HCD made several errors regarding data calculations and does not have sufficient management review process
- HCD could not demonstrate consistency and work group recommendations regarding several factors
 - Jobs housing balance
 - Housing destroyed during state of emergency
- Inconsistent application of “comparable regions” as required by statute

State RHNA Audit: Recommendations

- Legislature: Clarification on the application of a healthy vacancy rate for renters and/or owners
- HCD: Institute a staff data review process
- HCD: Establish a formal process to document all required factors in regional determination
- HCD: Perform analysis of healthy market vacancy rate adjustments and historical trends to inform them

Format of RHNA Reform Input Session

- Input session will be divided into 4 topic areas in separate rooms
- Each session is 15 minutes each
- Participants are encouraged to move to another room every 15 minutes

Room	Topic
1	Regional determination
2	Methodology/distribution
3	Appeals
4	Other



MAIN ROOM

RHNA Reform Information and Input Session

Input session in progress

-If on zoom, please select a breakout room-

Room	Topic
1	Regional determination
2	Methodology/distribution
3	Appeals
4	Other

The information session will reconvene here at 2:35pm.



ROOM #1: REGIONAL DETERMINATION

- Are the data sources used in the 6th cycle sufficient to capture regional housing need?
 - What strengths and weaknesses do American Community Survey (ACS) data have?
 - How do we minimize double-counting (e.g., overcrowding and cost-burden)?
 - What other ways are there to measure regional undersupply, latent demand, or existing need?
- What is a comparable region to SCAG?
 - For the 6th cycle HCD compared SCAG to the U.S. average
- What data sources should be used for demolished units and units lost?
 - Currently a fixed rate of 0.5%
- What are your thoughts on a panel of experts reviewing individual regional determinations from HCD before they are finalized?
 - Who should be on this panel? What role could it have?

Regional Determination

SCAG: 10.1%
US avg: 3.4%

5 th cycle calculation	
Existing + Projected households	6,516,345
-Occupied Units (and Tribal HH)	-6,044,940
=Subtotal	468,595
+Vacancy need	13,445
+Replacement need, 0.5%	2,410
-Vacant units	-75,390
=Regional determination	409,060

6 th cycle calculation	
Existing + Projected households	6,801,760
+Vacancy need	178,896
+Overcrowding, 6.7% (new!)	459,917
+Replacement need, 0.5%	34,010
-Occupied Units	-6,250,261
=Subtotal	1,224,352
+Cost burden (new!)	117,505
=Regional determination	1,341,827

HCD REGIONAL HOUSING NEED DETERMINATION (LOW RANGE): SCAG

5th cycle RHNA
Regional Determination

HCD Determined Population, Households, & New Housing Need: January 1, 2014-October 1, 2021 (7.75 years)				
1	Population: October 1, 2021 (SCAG Projection)			19,730,980
2	<i>less: Group Quarters Population (SCAG's estimate)</i>			<i>-347,750</i>
3	Household (HH) Population			19,383,230
	Household Formation Groups	HH Population	HH Formation or Headship Rate (ACS)	Households
	Age Groups (DOF)	19,383,230		6,516,345
	Under 15	4,103,915	-	-
	15 - 24 years	2,625,930	8.31%	218,223
	25 - 34 years	2,825,093	38.62%	1,091,002
	35 - 44 years	2,494,520	49.16%	1,226,416
	45 - 54 years	2,380,969	52.39%	1,247,429
	55 - 64 years	2,236,911	53.97%	1,207,223
	65 and older	2,715,892	56.19%	1,526,052
4	Projected Households			6,516,345
5	<i>less: Households at Beginning of Projection Period (January 1, 2014, interpolated)</i>			<i>-6,044,940</i>
6	<i>less: Household Growth on Tribal Lands</i>			<i>-2,810</i>
7	Household Growth: 7.75 Year Projection Period (New Housing Unit Need)			468,595
8	Vacancy Allowance	Owner	Renter	Total
	Tenure Percentage	54.39%	45.61%	
	HH Growth (New Unit Need)	254,869	213,726	468,595
	Vacancy Rate (SCAG)	1.50%	4.50%	
	Vacancy Allowance	3,825	9,620	13,445
9	Replacement Allowance (minimum)	0.50%		482,040
10	<i>less: Adjustment for Absorption of Existing Excess Vacant Units</i>			
	Estimate 10% Absorbed, 90% Not Absorbed by 2014	Effective Vacant Units	Healthy Market Units	Differential
	Derived (2010 Census, HH Growth, & Vacancy Rate)	(252,023)	175,240	-76,783
	Total 2011 Housing Stock	6,348,741		
	Existing Vacant Unit (Others) Adjustment	1.39%	1.28%	
	Total Adjusted Existing Vacant Units (Others)	(88,247)	81,264	-6,984
	Estimated Units (Others) Not Absorbed by 2014	90%		-83,766
				-75,390
	FINAL REGIONAL HOUSING NEED DETERMINATION (Low Range of New Housing Unit Need)			409,060

6th cycle RHNA
Regional Determination

HCD REGIONAL HOUSING NEED DETERMINATION
SCAG: June 30, 2021 – October 15, 2029 (8.3 years)

Methodology

SCAG: June 30, 2021-October 15, 2029 (8.3 Years)					
HCD Determined Population, Households, & Housing Need					
1.	Population: DOF 6/30/2029 projection adjusted +3.5 months to 10/15/2029				20,455,355
2.	<i>- Group Quarters Population: DOF 6/30/2029 projection adjusted +3.5 months to 10/15/2029</i>				-363,635
3.	Household (HH) Population: October 15, 2029				20,079,930
	Household Formation Groups	HCD Adjusted DOF Projected HH Population	DOF HH Formation Rates	HCD Adjusted DOF Projected Households	
		20,079,930		6,801,760	
	under 15 years	3,292,955	n/a	n/a	
	15 – 24 years	2,735,490	6.45%	176,500	
	25 – 34 years	2,526,620	32.54%	822,045	
	35 – 44 years	2,460,805	44.23%	1,088,305	
	45 – 54 years	2,502,190	47.16%	1,180,075	
	55 – 64 years	2,399,180	50.82%	1,219,180	
	65 – 74 years	2,238,605	52.54%	1,176,130	
	75 – 84 years	1,379,335	57.96%	799,455	
	85+	544,750	62.43%	340,070	
4.	Projected Households (Occupied Unit Stock)				6,801,760
5.	+ Vacancy Adjustment (2.63%)				178,896
6.	+ Overcrowding Adjustment (6.76%)				459,917
7.	+ Replacement Adjustment (.50%)				34,010
8.	<i>- Occupied Units (HHs) estimated (June 30, 2021)</i>				-6,250,261
9.	+ Cost Burden Adjustment (Lower Income: 10.63%, Moderate and Above Moderate Income: 9.28%)				117,505
6th Cycle Regional Housing Need Assessment (RHNA)					1,341,827



ROOM #2: METHODOLOGY/ DISTRIBUTION

- Is the formulaic approach to RHNA distribution appropriate for SCAG?
- Should there be a stronger relationship between a housing element and a RHNA allocation? How should this be incorporated into SCAG's methodology? Should this be codified or left up to the COGs?
- How can SCAG strengthen the connection between the RHNA distribution pattern and the Connect SoCal plan?
- How can we continue furthering the objective of affirmatively furthering fair housing?
- What other factors should the RHNA methodology consider? Should these additional factors be codified or adopted by the COG?



ROOM #3: APPEALS

- Only a jurisdiction can appeal its own RHNA allocation based on the application of the methodology or change in circumstance. Should these appeals bases be expanded to other jurisdictions and HCD?
- What would be an example of change in circumstance?
 - Should HCD provide a guidance memo on the definition?
- What is your experience in filing an appeal?
What are ways to strengthen engagement with our jurisdictions?
- Are there other factors that should be considered during the appeal process?

Bases for Appeals

1. Application of adopted RHNA methodology
2. Change in circumstance

Bases for Appeals

3. Local planning factors

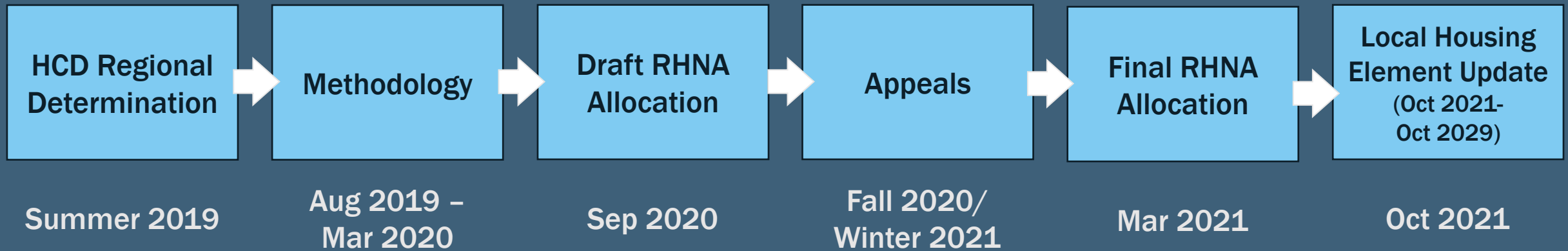
- Existing or projected jobs/housing balance
- Sewer or water infrastructure constraints for additional development
- Availability of land suitable for urban development
- Lands protected from urban development under existing federal or state programs
- County policies to preserve prime agricultural land
- Distribution of household growth toward incorporated areas of County
- Loss of units contained in assisted housing developments
- High housing cost burdens
- The rate of overcrowding
- Housing needs of farmworkers
- Housing needs generated by the presence of a university campus within a jurisdiction
- Loss of units during a state of emergency
- The region's greenhouse gas emissions targets
- AFFH
- Other factors adopted by the COG



ROOM #4: OTHER

- Would you be interested in taking on subregional delegation for RHNA?
Are there ways to incentivize this option?
- Should trade and transfer of RHNA units be allowed?
When should this be allowed during the process?
Should there be parameters, such as only applying to market rate units?
- What are your thoughts on the length of the RHNA planning process?
Is 8 years too short for both projection and planning periods?

6th Cycle RHNA Timeline





TOPIC AREA REPORT OUT

Regional Determination

Methodology/Distribution

Appeals

Other

Next Steps

- Comment letters can be submitted to housing@scag.ca.gov
- SCAG staff will review input and develop recommendations for action by CEHD and Regional Council
- Approved recommendations will be included in comment letter to HCD for their RHNA reform process
- SCAG will continue working with HCD to facilitate conversations on RHNA reform

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December 31, 2023	Due date for HCD's report to the Legislature on RHNA Reform

**This date is to ensure comments are reviewed together*



Q&A



THANK YOU!

For more information, please visit:

<https://scag.ca.gov/rhna>