REPORT

DATE: December 14, 2006

TO: The Regional Council
Community, Economic and Human Development (CEHD) Committee

FROM: Jeffrey S. Dunn, Government Affairs Analyst

SUBJECT: RHNA Pilot Program Legislative Language

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:

Review the approved RHNA Pilot Program language and direct staff to continue efforts to move the bill through the legislative process.

BACKGROUND:

At the November Meeting, the Community, Economic and Human Development (CEHD) Committee and the Regional Council approved the attached RHNA Pilot Program legislative language and directed staff to move forward with introducing the language into a legislative bill. Accordingly, staff has referred the bill to the legislative author for preparation into proper legislative form and for introduction on the first day of the legislative session, December 4, 2006.

The CEHD further directed staff to provide a comparison of changes from the RHNA Pilot Program language approved by the CEHD at its November meeting, and previous versions of the Pilot Program language. These changes are summarized in the attached matrix. (See Attachment A).

The language in the approved form represents over four months of intense negotiations among statewide housing stakeholders, including CSAC, the California League of Cities, Mark Stivers of the Senate Transportation Committee staff, State HCD staff, SCAG staff, housing advocacy groups, the California Business Industry Association, and others. As a result of these meetings which involved discussion of many proposed revisions to the Pilot Program language, staff concludes that the current approved form of the Pilot Program satisfies the objectives of the original Pilot Program reform elements as accepted by the CEHD and the Regional Council, and would be in a good position to become law. These reform elements include:

- Use of the same growth forecast for regional plans, involving transportation, housing and air quality planning;
- Expanded use of AB 2158 factors into the deliberation of the growth forecast and in the appeals process; and
- Limitation of the appeals process to one round after substantial local input opportunity.

Subsequent to the November meeting, additional suggestions were received from the League and Housing Advocates. The staff has no objection to the proposed changes as they are editorial and clarifying in nature. Attached is a copy of the language approved by the Regional Council on November 2, 2006 (Attachment B) and a copy of the language with editorial changes offered by the League and Housing Advocates (Attachment C).

Since the July action on the draft pilot program language, staff has proceeded to implement the fourth cycle RHNA process as directed by the Regional Council, in accordance with the draft pilot program. Adoption of the RHNA Pilot Program legislation is required to achieve the following objectives consistent with the course of action already undertaken:

1. To authorize the streamlined RHNA process already underway;
2. To justify utilization of transportation funds for the integration of the housing and transportation planning processes; and
3. To complete the RHNA portion of the housing element update process so that the cities of the SCAG region can prepare and submit their Housing Elements on time.

FISCAL IMPACT:

No fiscal impact upon SCAG.

Reviewed by:

Division Manager

Reviewed by:

Department Director

Reviewed by:

Chief Financial Officer

Comparison of Major Provisions
of Current SCAG Pilot Program Language
And Staff Language Approved by Regional Council
November 2, 2006

July 6 Language	Pilot Language as of August 28	Pilot Language as of Nov 2 (approved by RC)
Integrated long-term growth forecast in 5-year increments, consisting of pop., emply., hshlds, to be considered to arrive at the regional housing need.	**Provision Remains.** Integrated long-term growth forecast in 5-year increments, consisting of pop., emply., & hshlds, to be considered to arrive at regional house need.	**No Change from Aug. 28 language.**
Provides for the use of 'other strategies' in addition to the RTP growth forecasting process, that SCAG may use to integrate housing planning w/ projected pop. growth and transportation.	**Provision Removed.** Specific reference to 'other strategies' that SCAG may use to integrate transportation and housing planning is removed.	**No Change from Aug. 28 language.**
SCAG shall initiate and provide regional housing need number, which shall be subject to review by a Panel, as specified, if the population forecast from SCAG differs from DOF by more that 4%.	**Provision Removed.** SCAG shall transmit to HCD the growth forecast and HCD shall determine the regional housing need in accordance with provisions of existing law.	**No Change from Aug. 28 language.**
No survey of local jurisdictions. SCAG conducts a series of 14 workshops to consider '2158' factors.	**Provision Remains, procedure is changed.** No survey. SCAG will conduct one workshop, w/ advance notice to local jurisdictions & opportunity for their input, to arrive at the methodology SCAG will use to consider '2158' factors, followed by 14 public workshops to adopt draft housing allocation plan. SCAG must show how the information/methodology was considered to arrive at regional housing need.	**No Change from Aug. 28 language.**

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Provides for one appeal only.	**Provision remains.** Each city or county can appeal once based upon a challenge to the methodology or application of the factors.	**Minor Change from Aug. 28.** Specifically adds "unforeseen change in circumstances" as another basis of appeals (GC § 65584.05 (d)(1) of existing state law).
Trade and transfer permitted.	**Provision remains.** Trade and transfer is permitted pursuant to authority under existing law, GC § 65584.05 (g).	**Provision remains. No change from Aug. 28 language.**
Trade outside of subregion permitted.	**Provision remains.** Pursuant to authority in existing law requiring that total regional housing need is maintained, GC § 65584.05 (g).	**Provision remains. No change from Aug. 28 language.**
Subregional delegation permitted, provided that subregional entities agree to maintain the subregional total of housing need throughout the process.	**Provision remains, but is changed.** Subregional delegation permitted, provided that subregional entity agrees in writing and SCAG ensures that the total regional housing need is maintained.	**No Change from Aug. 28 language.**
Approval of final housing allocation plan required findings that plan is consistent with RTP and will not significantly impact mobility and air quality.	**Provision changed.** Adoption of plan required findings: (1) consistency with housing law (2) consistency with RTP (3) takes into account information provided by SCAG members (4) housing distribution will not impact air quality plan (5) total regional housing need is maintained.	**Minor change from Aug 28.** Adoption of plan requires same findings save that plan must consistent with RTP and air quality conformity finding of RTP.

APPROVED RHNA PILOT PROGRAM LANGUAGE FOR THE SCAG REGION NOVEMBER 2, 2006

65584.08. For the fourth revision of the housing element pursuant to Section 65588 within the region of the Southern California Association of Governments, the existing and projected need for housing for the region as a whole and each jurisdiction within the region shall be determined according to the provisions of this article except as those provisions are specifically modified by this section.

(a) The existing and projected housing need for the region shall be determined in the following manner:

(1) The Southern California Association of Governments shall develop an integrated long-term growth forecast by five year increments. The growth forecast is not a Regional Housing Needs Allocation Plan.

(2) The forecast shall consist of three major variables: population, employment, and households, by geographic area throughout the region.

(3) The Southern California Association of Governments shall convert households into housing units using replacement rates from the Department of Finance, and county level vacancy rates from the most recent census, by weighing vacancy rates of for-sale and for-rent units.

(4) The Southern California Association of Governments shall transmit the forecast to the department with the following variables: population, employment, households, and housing units.

(5) Upon receiving the forecast, the department shall determine the existing and projected housing need for the region in accordance with paragraph (2) of subdivision (c) and with subdivision (d) of Section 65584.01.

(b) Instead of the survey of each of its member jurisdiction pursuant to subdivision (b) of Section 65584.04, the Southern California Association of Governments shall conduct a public workshop. At least 30 days prior to the public workshop, the Southern California Association of Governments shall notify affected jurisdictions about the manner in which it proposes to consider the factors specified in subdivision (d) of Section 65584.04 in the housing allocation process. Local governments may submit information about the factors before the workshop for the Southern California Association of Governments' consideration and incorporation into the discussion of the methodology at the workshop.

(c) The Southern California Association of Governments shall delegate development of the housing need allocation plan to the subregional entities, provided the Southern California Association of Governments and the subregional entities agree in writing and provided the Southern California Association of Governments ensures that the total regional housing need is maintained.

(d) The Southern California Association of Governments shall conduct a minimum of 14 public workshops to discuss the regional growth forecast and the factors upon which housing needs are proposed to be allocated to subregions, or, in absence of a subregion, to individual jurisdictions. The workshops will also present opportunities for jurisdictions and members of the public or relevant stakeholders to provide information to the Southern California Association of Governments on local conditions and factors. Following the workshops, concurrent with the adoption of its draft housing allocation plan, the Southern California Association of Governments shall describe the following:

(1) The manner in which the plan is consistent with the housing, employment, transportation, and environmental needs of the region.
(2) The manner in which the methodology that produced the plan complies with subdivision (e) of Section 65584.04.
(3) The manner in which the information received in the public workshops was considered in the methodology used to allocate the regional housing need.

(e) Both the methodology and allocation process shall consider the factors identified in subdivision (d) of Section 65584.04 and promote the goals and objectives of subdivision (d) of Section 65584 and the regional transportation plan growth forecasting process to integrate housing planning with projected population growth and transportation. The Southern California Association of Governments shall complete the final housing need allocation plan 12 months from the date that the department sends a final written determination of the region's existing and projected housing need. It is the intent of the Legislature that the housing element update deadlines as required in Section 65588 and as modified by the department pursuant to paragraph (2) of subdivision (a) of Section 65584.02 will not be extended, but the

Southern Association of Governments shall submit a report to the Legislature on March 30, 2007, describing the progress it has made in completing the final need allocation plan.

(f) A city or county may appeal its draft allocation to the Southern California Association of Governments or delegate subregion, pursuant to subdivision (e) of Section 65584.05 based upon any of the following criteria: (1) The Southern California Association of Governments or delegate subregion, as applicable, failed to adequately consider the information submitted pursuant to subdivision (b) 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 paragraph: (2) The Southern California Association of Governments of 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 paragraph (d); (3) the Southern California Association of Governments or delegate subregion, as applicable, failed to determine its share of the regional housing need in accordance with the factors identified in subdivision (d) of Section 65585.04 but the Southern California Association of Governments shall not be required to entertain requests for revision pursuant to subdivisions (b) and (c) of Section 65584.05. A city or county shall not be allowed to file more than one appeal, and no appeals may be filed relating to any adjustments made pursuant to subdivision (g) of Section 65584.05. The final allocation plan shall be subject to the provisions of subdivision (h) of Section 65584.05.

(g) The Southern California Association of Governments' approval of the final housing need allocation plan shall include information which supports each of the following:

(1) The plan is consistent with the objectives of this section and article.
(2) The plan is consistent with the regional transportation plan and the air quality conformity finding of the plan.
(3) The plan takes into account the information provided to the Southern California Association of Governments by its member jurisdictions pursuant to subdivisions (b) and (d).
(4) The total regional housing need is maintained.

(h) This section shall remain in effect only until January 1, 2015, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2015, deletes or extends that date.

PROPOSED RHNA PILOT PROGRAM LANGUAGE FOR THE SCAG REGION – FINAL DRAFT December 2006/January 2007

65584.08. For the fourth revision of the housing element pursuant to Section 65588 within the region of the Southern California Association of Governments, the existing and projected need for housing for the region as a whole and each jurisdiction within the region shall be determined according to the provisions of this article except as those provisions are specifically modified by this section.

(a) The existing and projected housing need for the region shall be determined in the following manner:

(1) The Southern California Association of Governments shall develop an integrated long-term growth forecast by five year increments. The growth forecast is not a Regional Housing Needs Allocation Plan.
(2) The forecast shall consist of three major variables: population, employment, and households, by geographic area throughout the region.
(3) The Southern California Association of Governments shall convert households into housing units using replacement rates from the Department of Finance, and county level vacancy rates from the most recent census, by weighing vacancy rates of for-sale and for-rent units.
(4) The Southern California Association of Governments shall transmit the forecast to the department with the following variables: population, employment, households, and housing units.
(5) Upon receiving the forecast, the department shall determine the existing and projected housing need for the region in accordance with paragraph (2) of subdivision (c) and with subdivision (d) of Section 65584.01.

(b) Instead of the survey of each of its member jurisdiction pursuant to subdivision (b) of Section 65584.04, the Southern California Association of Governments shall conduct a public workshop. At least 30 days prior to the public workshop, the Southern California Association of Governments shall notify affected jurisdictions about the manner in which it proposes to consider the factors specified in subdivision (d) of Section 65584.04 in the housing allocation process. Local governments may submit information about the factors before the workshop for the Southern California Association of Governments' consideration and incorporation into the discussion of the methodology at the workshop.

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(c) The Southern California Association of Governments shall delegate development of the housing need allocation plan to the subregional entities, provided the Southern California Association of Governments and the subregional entities agree in writing and provided the Southern California Association of Governments ensures that the total regional housing need is maintained.

(d) The Southern California Association of Governments shall conduct a minimum of 14 public workshops to discuss the regional growth forecast and the factors upon which housing needs are proposed to be allocated to subregions, or, in absence of a subregion, to individual jurisdictions. The workshops will also present opportunities for jurisdictions and members of the public or relevant stakeholders to provide information to the Southern California Association of Governments on local conditions and factors. Following the workshops, concurrent with the adoption of its draft housing allocation plan, the Southern California Association of Governments shall describe the following:

(1) The manner in which the plan is consistent with the housing, employment, transportation, and environmental needs of the region.
(2) The manner in which the methodology that produced the plan complies with subdivision (e) of Section 65584.04.
(3) The manner in which the information received in the public workshops was considered in the methodology used to allocate the regional housing need.

(e) Both the methodology and allocation process shall consider the factors identified in subdivision (d) of Section 65584.04 and shall be consistent with and promote the goals and objectives of subdivision (d) of Section 65584 and the regional transportation plan growth forecasting process to integrate housing planning with projected population growth and transportation. The Southern California Association of Governments shall complete the final housing need allocation plan 12 months from the date that the department sends a final written determination of the region's existing and projected housing need. It is the intent of the Legislature that the housing element update deadlines as required in Section 65588 and as modified by the department pursuant to paragraph (2) of subdivision (a) of Section 65584.02

will not be extended. The Southern Association of Governments shall submit a report to the Legislature on March 30, 2007, describing the progress it has made in completing the final need allocation plan.

(f) A city or county may appeal its draft allocation to the Southern California Association of Governments or delegate subregion, pursuant to subdivision (e) of Section 65584.05 based upon any of the following criteria: (1) The Southern California Association of Governments or delegate subregion, as applicable, failed to adequately consider the information submitted pursuant to subdivision (b) 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 paragraph: (2) The Southern California Association of Governments of 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 paragraph (d); (3) the Southern California Association of Governments or delegate subregion, as applicable, failed to determine its share of the regional housing need in accordance with the factors identified in subdivision (d) of Section 65585.04 but the Southern California Association of Governments shall not be required to entertain requests for revision pursuant to subdivisions (b) and (c) of Section 65584.05. A city or county shall not be allowed to file more than one appeal, and no appeals may be filed relating to any adjustments made pursuant to subdivision (g) of Section 65584.05. The final allocation plan shall be subject to the provisions of subdivision (h) of Section 65584.05.

(g) The resolution adopted by the Southern California Association of Governments' approving the final housing need allocation plan shall include the following

(1) The plan is consistent with the objectives of this section and article.
(2) The plan is consistent with the regional transportation plan and the air quality conformity finding of the plan.
(3) The plan takes into account the information provided to the Southern California Association of Governments by its member jurisdictions pursuant to subdivisions (b) and (d).
(4) The total regional housing need is maintained.

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