

February 23, 2021

Chair Jorge Marquez and Members  
Community, Economic, and Human Development Committee  
Southern California Association of Governments  
900 Wilshire Blvd., Suite 1700  
Los Angeles, CA 90017

Copy to: Kome Ajise, Executive Director

**RE: Cost Burden and Overcrowding Double-Counting Findings by the  
2015 Legislative Analyst’s Office and Potential Research with ACS PUMS Data**

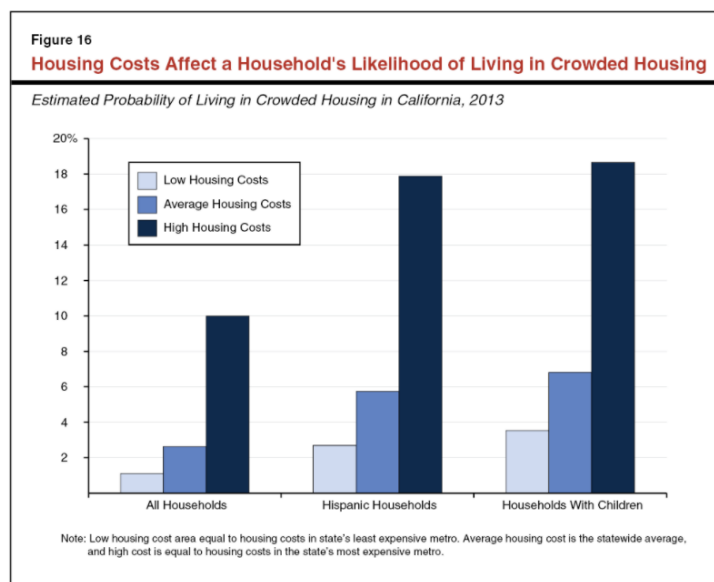
Dear Chair Marquez:

In the continuing interest of using the best-available data to determine the 2021-2029 Regional Housing Needs Assessment (RHNA) allocations for the SCAG Region and its jurisdictions, I share with you a 2015 study from the California Legislative Analyst’s office that addresses the question, “What number of households are both cost-burdened and overcrowded?”

The study is available at <https://lao.ca.gov/reports/2015/finance/housing-costs/housing-costs.aspx>.

As shown in Figure 16 of the study, pasted below with its explanation, the cost burden-overcrowding overlap appears to range between 3% and 10%, statewide. The chart is dated 2013 and likely used data that coincided with the Great Recession when housing was relatively less expensive coupled with lower incomes and unemployment. Using more recent data could reveal different results.

**Crowding Appears Associated With High Housing Costs.** Determining whether housing costs affect crowding is challenging because areas with the high housing costs tend to have fewer households types that are likely to be crowded. Using statistical analysis, however, we found that living in a high housing cost area is associated with a higher likelihood of living in crowded housing, after accounting for other factors that also affect crowding rates. Figure 16 shows that the likelihood of being crowded increases when the area’s median home price increases (moving from left to right). For example, the average household’s likelihood of being crowded in a metro with average home prices (about \$440,000) is about 3 percent, but the same household’s likelihood of being crowded increases more than threefold—to 10 percent—if they live in an expensive metro with median home prices of \$900,000.



As shown below in HCD’s letter of October 15, 2019, HCD treated cost burden and overcrowding as distinct categories and did not account for an overlap. The combined HCD overcrowding and cost burden adjustment is 577,422 units. The Legislative Analyst’s study suggests that there is some number of double-counted units which, at of 3%, would be 17,322 units, to perhaps as high as 10% in some areas of the SCAG Region.

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**ATTACHMENT 2**

**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.	- Group Quarters Population: DOF 6/30/2029 projection adjusted +3.5 months to 10/15/2029	-363,635
3.	Household (HH) Population: October 15, 2029	20,079,930
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.	- Occupied Units (HHs) estimated (June 30, 2021)	-6,250,261
9.	+ Cost Burden Adjustment (Lower Income: 10.63%, Moderate and Above Moderate Income: 9.28%)	117,505
<b>Total</b>	<b>6<sup>th</sup> Cycle Regional Housing Need Assessment (RHNA)</b>	<b>1,341,827</b>

Note: Detailed background data for this chart available upon request.

**Explanation and Data Sources**

1-4. Population, Group Quarters, Household Population, & Projected Households: Pursuant to Government Code Section 65584.01, projections were extrapolated from Department of Finance (DOF) projections. Population reflects total persons. Group Quarter Population reflects persons in a dormitory, group home, institution, military, etc. that do not require residential housing. Household Population reflects persons requiring residential housing. Projected Households reflect the propensity of persons, by age-groups, to form households at different rates based on Census trends.

Finally, SCAG and HCD research staff should be familiar with the Census Bureau’s Public Use Microdata Sample (PUMS) program that allows researchers to access a sample of raw American Community Survey (ACS) household data and create custom tabulations for large geographic areas such as SCAG subregions. I suggest, if not already done, that staff use PUMS to create a cross-tabulation table of overcrowding (greater than 1 person per room) by cost burdened households (monthly housing costs greater than 30% of household income). The research results may be useful in SCAG’s apparent desire, expressed in the proposed Final RHNA resolution, to seek legislative adjustments to the 6<sup>th</sup> Cycle RHNA.

Again, offered in the spirit of using best-available data.  
 Respectfully,

Dr. Christopher Williamson, AICP

