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
<table>
<thead>
<tr>
<th>Date</th>
<th>Action</th>
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<tbody>
<tr>
<td>July 6, 2022</td>
<td>Public Information and Input Session on RHNA reform</td>
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<tr>
<td>July 19, 2022</td>
<td>Housing Working Group meeting</td>
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<tr>
<td>July 21, 2022</td>
<td>Technical Working Group meeting</td>
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<tr>
<td>August 12, 2022</td>
<td>RHNA reform comments due to SCAG*</td>
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<td>TBD</td>
<td>Special CEHD Meeting</td>
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<td>TBD</td>
<td>Presumed statewide workshops on RHNA reform by HCD</td>
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<tr>
<td>TBD</td>
<td>CEHD Meeting to review and approve recommendations to Regional Council</td>
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<tr>
<td>TBD</td>
<td>Regional Council approval of CEHD recommendations/submit final RHNA Reform recommendations to HCD</td>
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<tr>
<td>TBD</td>
<td>Presumed due date for comments to HCD on RHNA Reform</td>
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<tr>
<td>December 31, 2023</td>
<td>Due date for HCD’s report to the Legislature on RHNA Reform</td>
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OVERVIEW OF THE 6\textsuperscript{TH} 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

5th cycle: 2013-2021
6th cycle: 2021-2029
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

- HCD Regional Determination
  - Summer 2019
- Methodology
  - Aug 2019 – Mar 2020
- Draft RHNA Allocation
  - Sep 2020
- Appeals
  - Fall 2020/Winter 2021
- Final RHNA Allocation
  - Mar 2021
- Local Housing Element Update (Oct 2021-Oct 2029)
  - Oct 2021
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

### 5th cycle calculation

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<td>6,516,345</td>
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<tr>
<td>- Occupied Units (and Tribal HH)</td>
<td>-6,044,940</td>
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<tr>
<td>= Subtotal</td>
<td>468,595</td>
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<tr>
<td>+ Vacancy need</td>
<td>13,445</td>
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<tr>
<td>+ Replacement need (0.5%)</td>
<td>2,410</td>
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<tr>
<td>- Vacant units</td>
<td>-75,390</td>
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<tr>
<td>= Regional determination</td>
<td>409,060</td>
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### 6th cycle calculation

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

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<tr>
<th>Room</th>
<th>Topic</th>
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<tr>
<td>1</td>
<td>Regional determination</td>
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<td>2</td>
<td>Methodology/distribution</td>
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<td>3</td>
<td>Appeals</td>
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<td>Other</td>
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THANK YOU!

For more information, please visit:
https://scag.ca.gov/rhna