RHNA REFORM INFORMATION AND INPUT SESSION

July 6, 2022

WWW.SCAG.CA.GOV
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

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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

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
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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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)
Job Accessibility
(Share of Regional Jobs Accessible by TAZ by Auto in 30 minutes; 2045; Final Connect SoCal Plan Data)

Source: SCAG, 2020

Date: 2/13/2020
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

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RHNA Reform Information and Input Session

*Input session in progress*

-If on zoom, please select a breakout room-

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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

### 5th cycle calculation

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SCAG: 10.1%  
US avg: 3.4%
### Regional Determination

#### 5th cycle RHNA Regional Determination

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<tr>
<th>Household Formation Groups</th>
<th>HH Population (19,383,230)</th>
<th>HH Form or Headship Rate (ACS)</th>
<th>Households (6,516,345)</th>
</tr>
</thead>
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<tr>
<td>Age Groups (DOF)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Under 15</td>
<td>4,103,915</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>15 - 24 years</td>
<td>2,625,930</td>
<td>8.31%</td>
<td>218,223</td>
</tr>
<tr>
<td>25 - 34 years</td>
<td>2,852,093</td>
<td>38.62%</td>
<td>1,091,002</td>
</tr>
<tr>
<td>35 - 44 years</td>
<td>2,494,520</td>
<td>49.16%</td>
<td>1,225,416</td>
</tr>
<tr>
<td>45 - 54 years</td>
<td>2,380,969</td>
<td>52.39%</td>
<td>1,247,429</td>
</tr>
<tr>
<td>55 - 64 years</td>
<td>2,236,911</td>
<td>53.97%</td>
<td>1,207,223</td>
</tr>
<tr>
<td>65 and older</td>
<td>2,715,892</td>
<td>56.19%</td>
<td>1,526,052</td>
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#### Projected Households
- 6,516,345
- Less: Households at Beginning of Projection Period (January 1, 2014, interpolated) -6,044,940
- Less: Households Growth on Tribal Lands -2,810

#### Household Growth: 7.75 Year Projection Period (New Housing Unit Need)
- 468,505

#### Vacancy Allowance
- Owner: 54.39%
- Renter: 45.61%
- HH Growth (New Unit Need): 254,869
- Vacancy Rate (SCAG): 1.50%
- Vacancy Allowance: 3,825
- Total: 13,445

#### Replacement Allowance (minimum)
- 0.50%
- Total: 482,040
- Estimated Units (Others) Not Absorbed by 2014: 2,410

#### Adjustment for Absorption of Existing Excess Vacant Units
- Effective Vacant Units: 6,348,741
- Healthy Market Units: 175,240
- Differential: -76,783
- Derived (2010 Census, HH Growth, & Vacancy Rate): 252,023
- Total 2011 Housing Stock: 6,348,741
- Existing Unit (Others) Adjustment: 1.39%
- Total Adjusted Existing Units (Others) (88,247)
- Estimated Units (Others) Not Absorbed by 2014: 90%

#### Final Regional Housing Need Determination (Low Range of New Housing Unit Need)
- 409,060
### HCD REGIONAL HOUSING NEED DETERMINATION

**SCAG: June 30, 2021 – October 15, 2029 (8.3 years)**

#### Methodology

<table>
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<tr>
<th>Household Formation Groups</th>
<th>HCD Adjusted DOF Projected HH Population</th>
<th>DOF HH Formation Rates</th>
<th>HCD Adjusted DOF Projected Households</th>
</tr>
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<tr>
<td>under 15 years</td>
<td>3,292,955</td>
<td>n/a</td>
<td>6,801,760</td>
</tr>
<tr>
<td>15 – 24 years</td>
<td>2,735,490</td>
<td>6.45%</td>
<td>176,500</td>
</tr>
<tr>
<td>25 – 34 years</td>
<td>2,526,620</td>
<td>32.54%</td>
<td>622,045</td>
</tr>
<tr>
<td>35 – 44 years</td>
<td>2,460,805</td>
<td>44.23%</td>
<td>1,088,305</td>
</tr>
<tr>
<td>45 – 54 years</td>
<td>2,502,190</td>
<td>47.16%</td>
<td>1,180,075</td>
</tr>
<tr>
<td>55 – 64 years</td>
<td>2,399,180</td>
<td>50.82%</td>
<td>1,219,180</td>
</tr>
<tr>
<td>65 – 74 years</td>
<td>2,238,805</td>
<td>52.54%</td>
<td>1,176,130</td>
</tr>
<tr>
<td>75 – 84 years</td>
<td>1,379,335</td>
<td>57.96%</td>
<td>799,455</td>
</tr>
<tr>
<td>85+</td>
<td>544,750</td>
<td>62.43%</td>
<td>340,070</td>
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| 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 |

6th Cycle Regional Housing Need Assessment (RHNA) 1,341,827

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6th cycle RHNA Regional Determination
• 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?
• 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
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
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

1. **HCD Regional Determination**
   - Summer 2019

2. **Methodology**
   - Aug 2019 – Mar 2020

3. **Draft RHNA Allocation**
   - Sep 2020

4. **Appeals**
   - Fall 2020/Winter 2021

5. **Final RHNA Allocation**
   - Mar 2021

6. **Local Housing Element Update (Oct 2021-Oct 2029)**
   - Oct 2021

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ROOM #4: OTHER
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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*This date is to ensure comments are reviewed together*
THANK YOU!

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