



Policy & Innovation Committee

Meeting Date: August 5, 2019

Agenda Item No. 7

Regional Housing Needs Allocation: Methodology

Information

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Attachments: No

1. Issue:

SACOG staff and local housing planners are developing a methodology to distribute the Regional Housing Needs Allocation (RHNA), a state-requirement with the objective to ensure cities and counties are zoning enough land to accommodate projected growth between 2021 and 2029.

2. Recommendation:

None; this is for information only. Committee members will hear a briefing from staff on the RHNA process and methodology and have an opportunity to ask questions and provide feedback.

3. Background/Analysis:

The RHNA is the state-required process that seeks to ensure cities and counties are planning for enough housing to accommodate all economic segments of the community. The process is split into three steps:

1. *Regional Determination:* The State Department of Housing and Community Development (HCD) provides each region a Regional Determination of housing need, which includes a total number of units split into four income categories.
2. *RHNA Methodology:* Councils of Governments are then responsible for developing a RHNA Methodology for allocating the Regional Determination to each jurisdiction in the region. This methodology must further a series of State objectives.
3. *Housing Element Updates:* Jurisdictions must then adopt a housing element that demonstrates, among other things, how it can accommodate its assigned RHNA number through its zoning. The State reviews each jurisdiction's housing element for compliance.

Implications of RHNA for Local Governments

The RHNA methodology will assign housing units to each jurisdiction in the SACOG region, broken down into four income categories: very low-, low-, moderate- and above moderate-income. Jurisdictions must then adopt a housing element by August 2021 that demonstrates, among other things, how it can accommodate its assigned RHNA number through zoning. A key assumption of the RHNA process is that the higher the allowed density in the zoning, the more likely it is to be able to accommodate affordable housing. While above moderate-income RHNA can be accommodated on single family zoned sites, the lower income categories (very low- and low-income) can only be accommodated on sites zoned for higher densities (typically 20 or 30

units per acre). If a jurisdiction does not have enough zoning capacity to accommodate all income categories of its RHNA, it must identify sites and rezone them by 2024.

RHNA Methodology Objectives

The RHNA Methodology is the only step of the RHNA cycle for which SACOG has direct discretion. However, state statute requires SACOG to demonstrate how its methodology “furthers” the five RHNA objectives shown below. This not only requires consistency, but proactive inclusion of each objective into the methodology.

1. Increase Housing Supply and Mix of Housing Types
 - "Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low-income households."
2. Promote Infill, Equity, and Environment
 - "Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region’s greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080."
3. Ensure Jobs Housing Balance and Fit
 - "Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction."
4. Promote Regional Income Parity
 - "Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent American Community Survey."
5. Affirmatively Further Fair Housing (New for Cycle 6 RHNA)
 - "Affirmatively furthering fair housing means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws."

4. Discussion/Analysis:

This item provides more detail on the RHNA methodology that SACOG staff and local housing planners have been working to develop over the past six months. SACOG staff will seek an action from the SACOG board in September to release a menu of potential methodologies for a 60-day public review. This item describes five critical components that go into developing the RHNA: (1) local engagement process; (2) total RHNA calculation process; (3) proposed methodology framework; (4) adjustment factors; and (5) menu of methodology options for allocating housing units to cities and counties in the SACOG region.

1) Local Planner and Stakeholder Input

SACOG staff has worked with planners and stakeholders throughout the region over the last 12 months to develop a framework and menu of options for allocating housing units to each city and county. The RHNA methodology framework and menu described in this staff report represents the culmination of input from local housing planners and housing stakeholders across the region, including:

- Six regionwide Housing Planners Group meetings (July 2018 – July 2019);
- Three Regional Planning Partnership meetings (January, March, May);
- RHNA factors meetings with local planners in each of the six counties, plus special meetings with UC Davis and Tahoe Regional Planning Agency; and
- Three regional managers/directors meetings (November 2018, March 2019, May 2019).

2) Total RHNA Calculation

The first step in the RHNA methodology is to determine each jurisdiction's total RHNA before it is further split into four income categories. SACOG typically determines each jurisdiction's total RHNA number by multiplying the Regional Determination by the proportion of the region's growth assumed in the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) between 2016 and 2035. For example, if a jurisdiction's MTP/SCS 2016-2035 growth represented 10% of the region and the region's RHNA Determination was 100 units, this jurisdiction would be allocated 10 total units.

Staff recommends distributing the total RHNA this way for several reasons. First and foremost, state statute requires that housing units allocated through RHNA be "consistent with the development pattern included in the sustainable communities strategy." By using the MTP/SCS growth forecast as the basis for total RHNA calculations, SACOG ensures consistency across these two planning efforts. In addition, the MTP/SCS land use forecast is an ambitious but achievable development pattern built from local plans that considers a variety of regulatory, market, and performance factors. The growth forecast in the MTP/SCS has been thoroughly vetted by local planning staff and represents a regional compromise around how the region will grow and meet its climate and quality of life goals.

3) Methodology Framework

The framework for the RHNA methodology is oriented around furthering each of the RHNA objectives described above. As such, SACOG staff and the housing planners have evaluated each of the objectives individually and devised strategies to further them.

Objective 1 (Increase Housing Supply and Mix of Housing Types) is inherently addressed through a methodology that assigns units at different income categories to each jurisdiction across the region. Since all of SACOG's proposed methodologies will do this, no additional action is necessary to further this objective.

Objective 2 (Promote Infill, Equity, and Environment) shares many of the same goals as the MTP/SCS, which forms the basis for the total RHNA calculation described above. Among other things, the MTP/SCS development pattern promotes infill housing and supports a compact development pattern that will achieve the climate goals given to SACOG by the State. Since the MTP/SCS furthers these objectives and the MTP/SCS forms the basis for the total RHNA calculation, no additional action is necessary to further this objective.













Objectives 3, 4, and 5 are, at least in part, not inherently furthered by the MTP/SCS. Therefore, SACOG staff

and housing planners have developed three separate adjustment factors that further each of these objectives. Since the total RHNA calculation is already determined by the MTP/SCS growth proportion, these adjustment factors instead adjust the number of lower-income units assigned to each jurisdiction. As a result of these adjustments, each jurisdiction will receive a different proportion of lower-income units. The three adjustment factors are described below:

	Adjustment Factors		
	Regional Income Parity	Affirmatively Furthering Fair Housing	Jobs/Housing Fit
Intent	Move jurisdictions across the region towards a similar proportion of lower-income households over time by encouraging jurisdictions with low proportions of lower-income households to zone for more affordable housing types.	Open up high opportunity jurisdictions to all economic segments of the community by encouraging jurisdictions with large proportions of existing homes in high opportunity areas to zone for more affordable housing types.	House more low-wage workers near their jobs by encouraging jurisdictions with high ratios of low-wage workers to affordable housing units to zone for more affordable housing types.
Adjustment Mechanism	<p>Jurisdictions with a lower than average proportion of lower income households receive an upward adjustment of lower income RHNA units.</p> <p>Jurisdictions with a higher than average proportion of lower income households receive a downward adjustment of lower income RHNA units.</p>	<p>Jurisdictions with a higher than average proportion of existing units in high opportunity areas receive an upward adjustment of lower income RHNA units.</p> <p>Jurisdictions with a lower proportion of existing units in high opportunity areas receive a downward adjustment of lower income RHNA units.</p>	<p>Jurisdictions with a higher than average ratio of low-wage workers to units affordable to low-wage workers receive an upward adjustment of lower income RHNA units.</p> <p>Jurisdictions with a lower than average ratio of low-wage workers to units affordable to low-wage workers receive an downward adjustment of lower income RHNA units.</p>
Underlying Data (relative to regional average)	Based on the existing proportion of lower-income households from the 2015 Comprehensive Housing Affordability Strategy (CHAS) data released by the US Department of Housing and Urban Development (HUD).	Based on the proportion of 2016 housing units that fall within high opportunity areas. High opportunity areas are adapted from Opportunity Area Maps created by TCAC/HCD and vetted by the CA Fair Housing Task Force.	Based on the ratio of low-wage workers (<\$2,300/month) to units affordable to low-wage workers (<\$1,000/month). These figures were adapted from Public Use Microdata Sample and American Community Survey data.

4) Menu of Methodology Options

In September, the SACOG board will take an action to release a menu of methodologies for public comment. The following provides high level information on the latest thinking from the Housing Planners Group on what this menu could include. The menu will likely include four options, including a staff recommended option, for allocating the RHNA by income category to each jurisdiction in the region. All options will include all three adjustment factors described in the table above and will further each of the RHNA objectives required by state law. The primary difference between menu options is the extent to which each adjustment factor is emphasized. Options A and B emphasize each adjustment factor similarly, but at different scales. Options C and D are hybrid options between Option A and Option B.

Menu Options	Adjustment Factors		
	Regional Income Parity	Affirmatively Furthering Fair Housing	Jobs/Housing Fit
A: Similar Emphasis High	 High Impact	 High Impact	 High Impact
B: Similar Emphasis Moderate	 Moderate Impact	 Moderate Impact	 Moderate Impact
C: Reduced Emphasis on Regional Income Parity	 Moderate Impact	 High Impact	 High Impact
D: Jobs Housing Fit Emphasis	 Moderate Impact	 Moderate Impact	 High Impact

The full menu of methodology options and the associated allocation tables will be included in the staff report for September committees. The action in September will be to release the menu for 60 days of public review. In November, following public review, the board will take action to adopt a single RHNA methodology, which will finalize each jurisdiction's RHNA by income category. Once the RHNA methodology is finalized, jurisdictions have until August 2021, to update their housing elements to ensure they are sufficiently planning to accommodate their share of housing.

5. Fiscal Impact/Grant Information:

This project is funded with a combination of SACOG's federal and state planning funds in the adopted Fiscal Year (FY) 18/19 OWP and budget.

6. This staff report aligns with the following SACOG Work Plan Goals:

- 4 - Connect Low-Income & Disadvantaged Populations to Jobs & Opportunity
- 8 - Build out our Council of Governments Functions