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## REGULAR MEETING

# REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) SUBCOMMITTEE

*Monday, June 3, 2019  
10:00 a.m. – 12:00 p.m.*

**SCAG Main Office  
900 Wilshire Blvd., Ste. 1700  
RC Board Room  
Los Angeles, CA 90017  
(213) 236-1800**

**See Next Page for Other Meeting Locations and  
Webcasting information**

**If members of the public wish to review the attachments or have any questions or comments on any of the agenda items related to RHNA, please send an email to [housing@scag.ca.gov](mailto:housing@scag.ca.gov). Agendas & Minutes are also available at: [www.scag.ca.gov/committees](http://www.scag.ca.gov/committees)**

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## **Videoconference Sites & Addresses**

### SCAG Los Angeles Office (Main Office)

900 Wilshire Blvd., Ste. 1700, Los Angeles, CA 90017

### SCAG Imperial County Regional Office

1503 N. Imperial Ave., Ste. 104, El Centro, CA 92243

### SCAG Orange County Regional Office

600 S. Main St., Orange, CA 92868

*\*Due to limited capacity, please RSVP prior to the meeting to ensure availability,  
[housing@scag.ca.gov](mailto:housing@scag.ca.gov)*

### SCAG Riverside County Regional Office

3403 10<sup>th</sup> St., Ste. 805, Riverside, CA 92501

### SCAG San Bernardino County Regional Office

1170 W. 3<sup>rd</sup> St., Ste. 140, San Bernardino, CA 92410

### Coachella Valley Association of Governments Office

73-710 Fred Waring Dr., Ste. 200, Palm Desert, CA 92260

### City of Palmdale Office

38250 Sierra Hwy., Palmdale, CA 93550

### South Bay Cities Council of Governments Office

South Bay Environmental Services Center  
20285 S. Western Avenue, Suite 100 Torrance, CA 90501

## **Teleconference Sites & Addresses**

### Long Beach City Hall

333 W. Ocean Blvd., 14<sup>th</sup> Floor  
Long Beach, CA 90802

### Simi Valley City Hall

2929 Tapo Canyon Road  
Simi Valley, CA 93063

## **CLOSURE NOTICE:**

The SCAG Ventura County Regional Office is closed until further notice.

## **Webcasting Available**

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<https://scag.zoom.us/meeting/register/b51c0e65c27044d78c34be5db4a05ad8>

## **RHNA SUBCOMMITTEE MEMBERS – RHNA 6<sup>TH</sup> CYCLE**

### **VOTING MEMBERS**

#### **Representing Imperial County**

Primary: Hon. Jim Predmore, Holtville  
Alternate: Hon. Bill Hodge, Calexico

#### **Representing Los Angeles County**

Primary: Hon. Margaret Finlay, Duarte  
Alternate: Hon. Rex Richardson, Long Beach

#### **Representing Orange County**

Primary: Hon. Wendy Bucknum, Mission Viejo  
Alternate: **CHAIR** Peggy Huang, Yorba Linda, TCA

#### **Representing Riverside County**

Primary: Hon. Rusty Bailey, Riverside  
Alternate: Hon. Russell Betts, Desert Hot Springs

#### **Representing San Bernardino County**

Primary: Hon. Bill Jahn, Big Bear Lake  
Alternate: Hon. Jim Mulvihill, San Bernardino

#### **Representing Ventura County**

Primary: Hon. Carmen Ramirez, Oxnard  
Alternate: Hon. Mike Judge, Simi Valley, VCTC

### **NON-VOTING/EX-OFFICIO MEMBERS**

#### **Representing Academia**

Ex-Officio: Paavo Monkkonen, Vice Chair, Dept. of Urban Planning, UCLA

#### **Representing Non-Profit/Advocate**

Ex-Officio: Cesar Covarrubias, Executive Director, Kennedy Commission

#### **Representing Building Industry**

Ex-Officio: Jeff Montejano, Chief Executive Officer, BIA of Southern California

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# AGENDA

## RHNA SUBCOMMITTEE MEETING

Southern California Association of Governments  
900 Wilshire Boulevard, Suite 1700  
Los Angeles, CA 90017  
**Monday, June 3, 2019**  
**10:00 AM**

*The RHNA Subcommittee may consider and act upon any of the items listed on the agenda regardless of whether they are listed as Information or Action Items.*

### **CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

*(The Honorable Peggy Huang, Chair)*

### **ROLL CALL**

### **PUBLIC COMMENT PERIOD**

Members of the public desiring to speak on items not on the agenda but within the purview of the RHNA Subcommittee are asked to speak during the public comment period at the designated time at the beginning of the agenda. For questions and comments related to listed items on the agenda, members of the public desiring to speak may speak after the staff presentation and questions from Subcommittee members for each listed item. For those who attend via videoconferencing, please e-mail your name and the agenda item number you wish to speak to [housing@scag.ca.gov](mailto:housing@scag.ca.gov) at the beginning of the meeting. Comments will be limited to three (3) minutes per speaker. The Chair has the discretion to reduce the time limit based upon the number of speakers and may limit the time per speaker and/or the total time for all public comments if needed in order to complete all agenda items.

Questions and comments related to RHNA may also be emailed to [housing@scag.ca.gov](mailto:housing@scag.ca.gov) including the scenario while there is no time for public comments for a particular agenda item.

### **REVIEW AND PRIORITIZE AGENDA ITEMS**

### **CONSENT CALENDAR**

#### **Approval Item**

#### **Page No.**

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| 1. <u>Minutes of the Meeting – May 6, 2019</u> | 1 |
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#### **Receive and File**

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| 2. <u>6<sup>th</sup> Cycle RHNA Timeline</u>                                     | 7 |
| 3. <u>RHNA Subcommittee Topic Outlook</u>  | 8 |
| 4. <u>Summary of Written Comments Received for the 6<sup>th</sup> Cycle RHNA</u> | 9 |
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<b><u>ACTION ITEM</u></b>	<b><u>Time</u></b>	<b><u>Page No.</u></b>
5. <u>RHNA Consultation Package to the California Department of Housing and Community Development (HCD)</u> <i>(Kevin Kane, SCAG staff)</i>	<b>20 mins.</b>	<b>11</b>

### **INFORMATION ITEM**

6. <u>Proposed RHNA Methodology Distribution: Existing and Projected Needs and Social Equity</u> <i>(Ma'Ayn Johnson, SCAG staff)</i>	<b>60 mins.</b>	<b>28</b>
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### **CHAIR'S REPORT**

Invitation to all RHNA Subcommittee members to attend the CEHD Policy Committee meeting on June 6, 2019 (at 10:00 am at SCAG headquarters) to take actions on Subcommittee recommendations on RHNA Consultation Package.

### **STAFF REPORT**

### **ANNOUNCEMENT/S**

### **ADJOURNMENT**

***The next regular meeting of the RHNA Subcommittee is scheduled for July 1, 2019 at 10 a.m. at the Wilshire Grand Center, 900 Wilshire Boulevard, Suite 1700, Los Angeles, CA 90017.***

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**REGIONAL HOUSING NEEDS ASSESSMENT SUBCOMMITTEE  
of the  
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS**

**May 6, 2019**

**Minutes**

**THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE REGIONAL HOUSING NEEDS ASSESSMENT SUBCOMMITTEE. AN AUDIO RECORDING OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING.**

The Regional Housing Needs Assessment Subcommittee held its meeting at SCAG’s downtown Los Angeles office. A quorum was present.

**VOTING MEMBERS**

Representing Imperial County

Primary:	Hon. Jim Predmore, Holtville	Present -- via videoconference
Alternate:	Hon. Bill Hodge, Calexico	Present – in-person

Representing Los Angeles County

Primary:	Margaret Finlay, Duarte	Present – in-person
Alternate:	Hon. Rex Richardson, Long Beach	Present – via teleconference

Representing Orange County

Primary:	Hon. Wendy Bucknum, Mission Viejo	Absent
Alternate:	CHAIR Peggy Huang, Yorba Linda, TCA	Present – in-person

Representing Riverside County

Primary:	Hon. Rusty Bailey, Riverside	Present – via videoconference
Alternative:	Hon. Russell Betts, Desert Hot Springs	Present – via videoconference

Representing San Bernardino County

Primary:	Hon. Bill Jahn, Big Bear Lake	Present – in-person
Alternate:	Hon. Jim Mulvihill, San Bernardino	Present – in-person

Representing Ventura County

Primary:	Hon. Carmen Ramirez, Oxnard	Present – via teleconference
Alternate:	Hon. Mike Judge, Simi Valley	Present – via teleconference

**NON-VOTING/EX-OFFICIO MEMBERS**

Academia:	Paavo Monkkonen, UCLA Urban Planning	Present – in-person
Non-Profit/Advocate:	Cesar Covarrubias, Kennedy Commission	Absent
Building Industry:	Jeff Montejano, BIA of Southern California	Present – in-person

**CALL TO ORDER & PLEDGE OF ALLEGIANCE**

Chair Peggy Huang called the meeting to order at 10:01 AM and asked Primary Member Margaret Finlay, Los Angeles County to lead the Subcommittee in the Pledge of Allegiance.

## **PUBLIC COMMENT PERIOD**

Marika Poynter, Senior Planner with the City of Irvine, asked the RHNA Subcommittee to consider for Item No. 6 that SCAG should propose a regional determination of 430,000 for the 6<sup>th</sup> cycle of RHNA and that this 8-year projection should incorporate input from local jurisdictions that already included existing need and projected need. Ms. Poynter also pointed out that all numbers, tables, and discussions regarding existing need should be separate calculations that should be removed from the HCD consultation package. Ms. Poynter also requested that no action be taken on Item No. 7 on social equity adjustment until after HCD provides SCAG with a regional total need in order to properly assess impact. She further stated the City of Irvine proposes a social equity adjustment of 110% consistent with 4<sup>th</sup> and 5<sup>th</sup> RHNA cycles and requested that SCAG provide an Excel sheet that identifies cost-burden, healthy vacancy rate, overcrowding, etc. for all jurisdictions in SCAG.

Stephen Blagden, a resident of Orange County, commented that there is nothing wrong with having exclusively residential cities as it helps separate commercial and industrial zoning, which could be harmful. He further stated that high density housing eliminates a mitigation buffer zone for unwanted sounds and smells. Mr. Blagden concluded by stating that he feels RHNA seeks to drive all cities to uniformity of population and income distribution.

Joann Africa, Chief Legal Counsel, read key points from a letter addressed to the RHNA subcommittee by Jessica Lall, President and CEO of the Central City Association (CCA) of LA. In this letter Ms. Lall, speaking on behalf of CCA, believes that the guiding question in RHNA's processes should be "How can we create a region that is as affordable, sustainable, and economically and socially enriching as possible?" Instead, based on recent meeting discussions, the Subcommittee's unspoken direction appears to be "How can we keep our estimate of housing need as low as possible?" Ms. Lall then encouraged SCAG staff and the RHNA Subcommittee to reorient their focus and establish affordability, connectivity, and sustainability as real priorities for this region.

## **REVIEW AND PRIORITIZE AGENDA ITEMS**

Joann Africa, Chief Legal Counsel, stated that the item "ELECTION OF SUBCOMMITTEE VICE CHAIR" was added into the agenda inadvertently and would be taken out of the agenda for today's meeting.

## **CONSTENT CALENDAR**

### **Approval Item**

#### **1. Minutes of April 1, 2019 Meeting**

A MOTION was made (Primary Member Bill Jahn, San Bernardino County) to approve the Minutes of April 1, 2019 Meeting. The MOTION was SECONDED (Alternate Member Jim Mulvihill, San Bernardino County) and APPROVED by the following votes:

**AYES:** Predmore (Imperial County), Finlay (Los Angeles County), Huang (Orange County), Bailey (Riverside County), Jahn (San Bernardino County), Ramirez (Ventura County) (6).



**NOES:** None (0).

**ABSTAIN:** None (0).

**Receive and File**

2. 6<sup>th</sup> Cycle RHNA Timeline
3. RHNA Subcommittee Topic Outlook
4. Summary of Written Comments Received for the 6<sup>th</sup> Cycle RHNA

A MOTION was made (Primary Member Bill Jahn, San Bernardino County) to approve the rest of the Consent Calendar. The MOTION was SECONDED (Primary Member Margaret Finlay, Los Angeles County) and APPROVED by the following vote:

**AYES:** Predmore (Imperial County), Finlay (Los Angeles County), Bucknum (Orange County), Bailey (Riverside County), Jahn (San Bernardino County), Ramirez (Ventura County) (6).

**NOES:** None (0).

**ABSTAIN:** None (0).

**INFORMATION ITEM**

5. Regional Determination Panels of Experts Recap

Kevin Kane, SCAG staff, provided a recap of the regional determination panel of experts meeting that was held on March 27, 2019. The purpose of the panel was to solicit expert technical advice on existing housing need and to consider two questions: how the SCAG region can best quantify existing housing need given the options in State housing law, and examining the extent to which this accumulated housing need can be addressed in the RHNA 8 year period. Mr. Kane outlined some of the input received from the panel and thanked the experts who participated in the panel. Mr. Kane answered questions and responded to comments from the Subcommittee on preventing double-counting, healthy market vacancy rates, student housing, and the role of cost-burdened households.

Mayor John Mirisch, representing the City of Beverly Hills, submitted a public comment on the impact of luxury units on affordability in communities.

Deborah Diep, representing the Center for Demographic Research at Cal State Fullerton, submitted a public comment on the variability among perspectives of the experts on the panel, particularly in regard to the size of existing housing need.

Matt Glesne, representing the City of Los Angeles Planning Department, asked questions regarding the source of panel meeting notes and provided public comments on the variability among vacancy rates based on geography and the need to include cost-burdened households in determining existing need.

### **ACTION ITEMS**

#### **6. Draft Regional Housing Needs Assessment (RHNA) Consultation Package to the California Department of Housing and Community Development (HCD)**

Kevin Kane, SCAG staff, explained that the RHNA process requires a consultation between SCAG and the State Department of Housing and Community Development (HCD) in order for them to issue regional total housing need determination. Mr. Kane made note of the fact that the consultation package process for the 6<sup>th</sup> cycle of RHNA is a lot less clear cut and requires a different approach as opposed to the previous cycle, largely due to legislative changes. The result of this item presentation is to seek Subcommittee approval of general approach in order to discuss matters in further detail with HCD. Mr. Kane addressed questions from the Subcommittee regarding units produced from overcrowded households, potential data disparities averaged from rural and urban areas in the region, the idea of presenting HCD with numbers derived from current data, and comments regarding properly counting student housing.

Paavo Monkkonen, Academia Ex-Officio Member representing UCLA, addressed a comment made by Subcommittee members in Riverside regarding how to encourage and incentivize more housing to be built, to which Mr. Monkkonen stated that there should be more concern being placed on housing those on the streets currently and addressing existing need. Mr. Monkkonen also expressed concerns with the point made that suggested phasing RHNA cycles as it could move attention away from addressing existing housing needs even further.

Margaret Finlay, representing Los Angeles County, and Chair Peggy Huang expressed their favor towards phasing the existing need portion of the 6<sup>th</sup> RHNA cycle as it would help take into account certain external factors such as the developers willingness to build. Jeff Montejano, Building Industry Ex-Officio Member representing BIA of Southern California stated that from a developer's standpoint they are certainly ready to build, but find difficulties to meet demand in a timely manner due to legislative factors.

Kome Ajise, SCAG Executive Director, commented on the comparability of urban and rural areas in the region, stating the smaller, rural areas provide context in a cultural sense of overcrowding that can help better define it, but also felt that SCAG staff should potentially revisit the averaging process to better select comparable regions. Mr. Ajise also addressed the idea of RHNA cycle phasing and commented that it would not take away the importance of current existing need, but would allow local governments some room to react to what their obligation will be as a large number presented from just one cycle could be discouraging to some.

Stephen Blagden, a resident of Orange County, provided public comment on incentives in the past have been fueled by local control or for particular purpose. He asked the subcommittee to consider incentivizing communities to maintain their individuality.

Mayor John Mirisch, representing the City of Beverly Hills, provided public comment on the discussion behind the trends of population loss in the State. Mayor Mirisch agreed that there is a regional responsibility and part of that is respecting individual jurisdictions instead of a one-size-fits-all measure. He cautioned that built affordable housing be affordable and available and not purchased by hedge funds.

A MOTION was made (Alternate Member Jim Mulvihill, San Bernardino County) to recommend SCAG's approach for the consultation process with HCD to the Community, Economic and Human Development (CEHD) Committee. The MOTION was SECONDED (Primary Member Margaret Finlay, Los Angeles County) and APPROVED by the following vote:

**AYES:** Predmore (Imperial County), Finlay (Los Angeles County), Huang (Orange County), Bailey (Riverside County), Jahn (San Bernardino County), Judge (Ventura County) (6).

**NOES:** None (0).

**ABSTAIN:** None (0).

## **DISCUSSION ITEMS**

### 7. Existing Need Distribution in RHNA Methodology

Ma'Ayn Johnson, SCAG staff, outlined a (3) step process to determine RHNA numbers for individual jurisdictions. Ms. Johnson revisited and listed pros and cons from previous discussions that addressed factors for consideration to determine existing housing need such as access to transit, jobs housing fit, and opportunity indices. Ms. Johnson also provided an overview presentation of how existing need distribution methodology, along with a social equity adjustment, would be applied and used hypothetical city data to provide an example calculation for two jurisdictions. The proposed methodology would assign 70 percent of regional existing need to jurisdiction's share of regional population and 30 percent would be assigned based on a jurisdiction's share of regional population within a high quality transit area (HQTA). After adding projected need, which will be discussed at the next Subcommittee meeting, the total RHNA allocation for a jurisdiction is then divided into four income categories after the application of a 150 percent social equity adjustment.

Hon. Russell Betts, representing Riverside County, wanted to point out that within the SCAG region there exist cities which are anomalies to the examples being given to justify the social equity adjustment, and that they should be kept in consideration moving forward.

Gail Shiomoto-Lohr, representing the City of Mission Viejo, offered a public comment opposing the use of the 70/30 ratio for determining existing need and stated there is a flaw in assuming existing needs

will be met based solely on a city's population. Ms. Shiomoto-Lohr asked for SCAG staff to look at jurisdiction's individual relationship with the indicators of existing need such as overcrowding and cost-burdened households. Ms. Shiomoto-Lohr also indicated the difficulty local jurisdictions face in meeting housing needs through site and zoning restrictions placed on them from State legislation.

#### **CHAIR'S REPORT**

#### **STAFF REPORT**

#### **ANNOUNCEMENT/S**

Margaret Finlay, representing Los Angeles County, questioned if the topics brought up in discussion during today's meeting will warrant a longer meeting in the future and if meetings should start at least an hour earlier. Chair Peggy Huang responded by addressing that she would meet with Kome Ajise, SCAG Executive Director, to determine if this would be necessary.

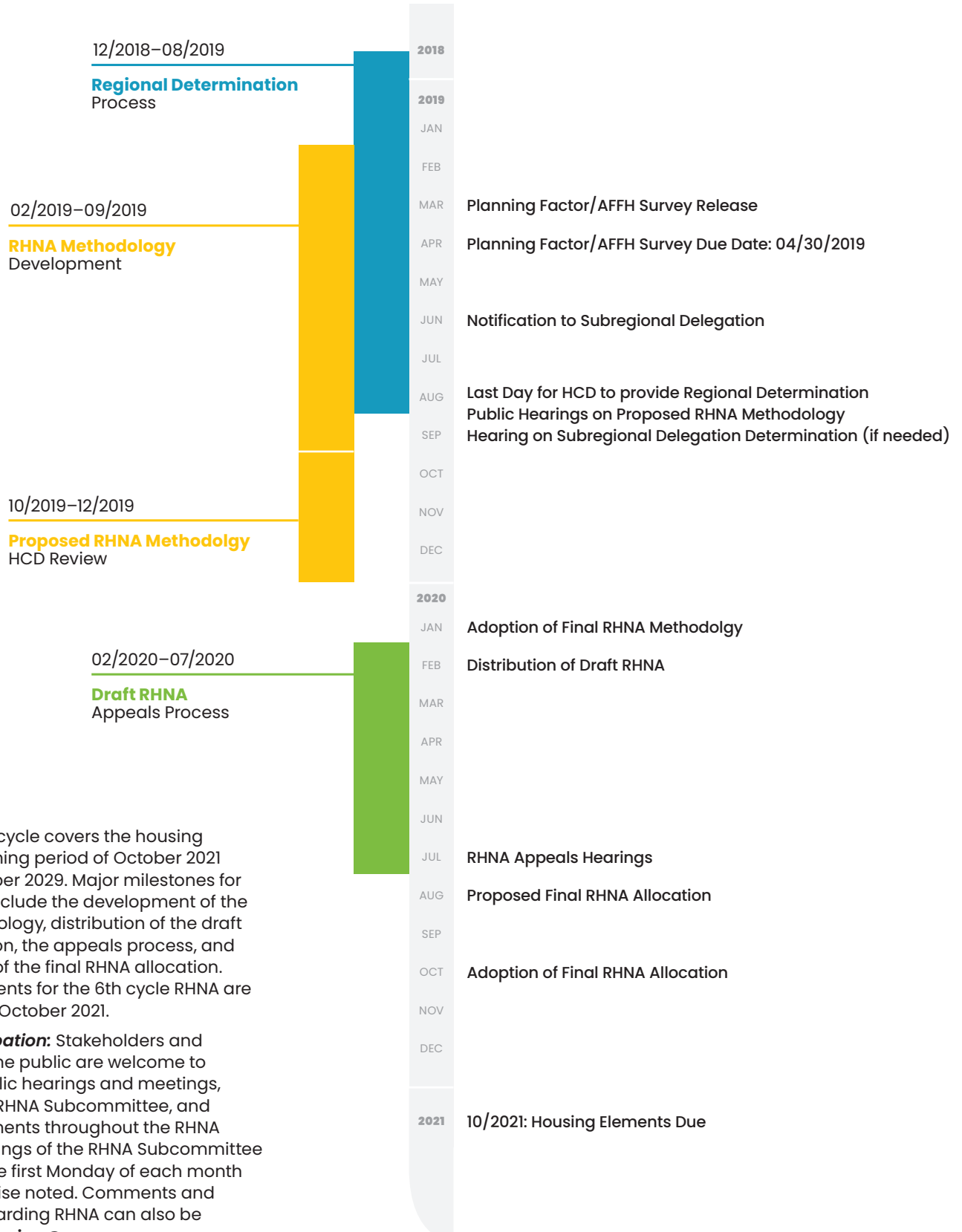
#### **ADJOURNMENT**

There being no further business, Chair Peggy Huang adjourned the meeting at 12:11PM.

The next regular meeting of the RHNA Subcommittee is scheduled for Monday, June 3, 2019 at 10:00 AM at the Wilshire Grand Center, 900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017.

# DEVELOPMENT TIMELINE

## 6TH CYCLE RHNA *(subject to change)*



The 6th RHNA cycle covers the housing element planning period of October 2021 through October 2029. Major milestones for jurisdictions include the development of the RHNA methodology, distribution of the draft RHNA allocation, the appeals process, and the adoption of the final RHNA allocation. Housing elements for the 6th cycle RHNA are due to HCD in October 2021.

**Public Participation:** Stakeholders and members of the public are welcome to attend all public hearings and meetings, including the RHNA Subcommittee, and provide comments throughout the RHNA process. Meetings of the RHNA Subcommittee are held on the first Monday of each month unless otherwise noted. Comments and questions regarding RHNA can also be emailed to [housing@scag.ca.gov](mailto:housing@scag.ca.gov).

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RHNA Subcommittee Topic Outlook  
 October 2018 – August 2020

Meeting	Proposed Date*	Subject	Action
1	October 29, 2018	Overview of RHNA process and legislation; RHNA work plan and schedule; notification to HCD and Caltrans of RTP/SCS adoption date; discussion on housing topics	
2	December 3, 2018	Subregional delegation guidelines; best practices for housing implementation; introduction to the regional determination process; recommend Subcommittee charter	Recommend Subcommittee charter
3	February 4, 2019	Regional determination process; local input process update; local planning factor/affirmatively furthering fair housing and replacement need survey discussion; recommend subregional delegation guidelines	Recommend subregional delegation guidelines to CEHD
4	March 4, 2019	Regional determination process (continued); finalize local planning factor/affirmatively furthering fair housing and replacement need survey; discussion on social equity adjustment	Release local planning factor/affirmatively furthering fair housing and replacement need survey to local jurisdictions and subregions
5	April 1, 2019	Election of Subcommittee Vice Chair; update from HCD; discussion on RHNA distribution and social equity adjustment (continued)	
6	May 6, 2019	Regional determination process (continued); discussion on RHNA distribution and social equity adjustment (continued)	Recommend to CEHD Regional Determination consultation package with HCD
7	June 3, 2019	Updated regional determination packet; discussion on determining existing and projected RHNA need and social equity in RHNA methodology	Recommend to CEHD Regional Determination consultation package with HCD
8	July 2019	Proposed RHNA methodology (continued); survey results for local planning factors, affirmatively furthering fair housing, and replacement need; RHNA costs	Recommend proposed RHNA Methodology to CEHD for public comment period; recommend RHNA costs to CEHD
	August/ September 2019	Public Hearing(s) on Proposed RHNA Methodology	
9	October 2019	Review comments received on proposed RHNA methodology	Recommend submittal of proposed methodology to HCD
10	January 2020	Review comments from HCD on draft RHNA methodology; RHNA appeals process guidelines	Recommend RHNA methodology adoption to CEHD; adopt RHNA appeals process guidelines
11	February 2020	Recommend distribution of draft RHNA allocation	Recommend distribution of draft RHNA allocation to CEHD
12	July 2020	Hearing on appeals	Determine appeals
13	July 2020	Review and ratify the decisions on appeals	Issue written decisions regarding appeals
14	August 2020	Final meeting	Recommend to CEHD proposed Final RHNA Allocation Plan

\*Meetings of the RHNA Subcommittee are held on the first Monday of the month, unless otherwise noted.

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Summary of Written Comments Related to RHNA Received by SCAG (as of 05/06/19)

Date Received	Name	Organization	Topic(s)	Summary
10/11/18	Hon. John Mirisch	City of Beverly Hills	Subcommittee membership	Concerns were expressed regarding the membership of the Subcommittee and provided suggestions.
12/02/18	Gail Shiomoto-Lohr	City of Mission Viejo	Subcommittee charter, subregional delegation, growth forecast	Clarification is needed about legislative amendments to trade and transfer. Confirmation is needed about SCAG's role in methodology and liability in delegating subregions. Questions were asked about overcrowding rates.
01/17/19	Hon. John Mirisch	City of Beverly Hills	Urban sprawl	A link to a research article was shared questioning the role of urban sprawl.
02/04/19	Hon. John Mirisch	City of Beverly Hills	Role of housing supply, single family homes, subcommittee membership	Concerns were shared about the role between housing price and housing supply, along with the choice of single family homes. Subcommittee membership concerns were also expressed.
03/11/19	Hon. John Mirisch	City of Beverly Hills	Subcommittee membership, upzoning, single family homes	Concerns were expressed regarding the nature of the Subcommittee discussion on March 4, 2019. Comments were provided on the effects of upzoning and building single family homes.
3/30/19	Hon. John Mirisch	City of Beverly Hills	Upzoning, urbanism, density	Three (3) links to articles were shared questioning the benefits of upzoning and increases in density.
5/2/19	Jessica Lall	Central Cities Association of Los Angeles	Regional Determination	Expresses concern that the regional determination packet developed by staff does not adequately reflect the needs of the housing crisis. Comments were provided on the regional economic impacts of underestimating housing need. (comment was also entered into the record at the May 6, 2019 RHNA Subcommittee meeting)
5/6/19	Marika Poynter	City of Irvine	Regional determination, existing need distribution, social equity adjustment	Proposes that existing need as a separate calculation should be removed from the HCD consultation package and that the regional projection from local input already incorporates both existing need and future projected need. Proposes that social equity

To review the original comments or to provide comments on RHNA, please contact [housing@scaq.ca.gov](mailto:housing@scaq.ca.gov).

Summary of Written Comments Related to RHNA Received by SCAG (as of 05/06/19)

				adjustment in the RHNA methodology should not be acted upon until HCD provides the regional determination and requests that SCAG provide a table of variables for all jurisdictions (comment was also provided as a verbal comment at the May 6, 2019 RHNA Subcommittee meeting)
5/20/10	Sean Scully	City of Redondo Beach	Existing housing need and zoning	Indicates that the City of Redondo Beach has zoned for higher densities and multifamily areas in comparison to other communities and should not be allocated a general percentage of existing housing need
5/23/19	Paavo Monkkonen	UCLA Luskin School of Public Affairs	Zoning, housing prices, and regulation	Provides critique response to a published academic article from Michael Storper (UCLA) and Andres Rodriguez-Pose (London School of Economics)

To review the original comments or to provide comments on RHNA, please contact [housing@scaq.ca.gov](mailto:housing@scaq.ca.gov).



Southern California Association of Governments  
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017  
June 3, 2019

**To:** Regional Housing Needs Assessment Subcommittee (RHNA)

EXECUTIVE DIRECTOR'S  
APPROVAL

**From:** Kevin Kane, Senior Regional Planner, Planning Division, (213) 236-1828, [kane@scag.ca.gov](mailto:kane@scag.ca.gov)

**Subject:** Regional Housing Needs Assessment (RHNA) Consultation Package to the State Department of Housing and Community Development (HCD)

**RECOMMENDED ACTION FOR RHNA SUBCOMMITTEE:**

Recommend approval by the CEHD Committee of the SCAG's Regional Housing Needs Assessment (RHNA) Consultation Package to the state Housing and Community Development (HCD) Department.

**STRATEGIC PLAN:**

This item supports the following Strategic Plan Goal 1: Produce innovative solutions that improve the quality of life for Southern Californians.

**EXECUTIVE SUMMARY:**

*The RHNA process as prescribed by Government Code Section 65584 et seq. requires a consultation process between SCAG and the State Department of Housing and Community Development (HCD) before HCD issues its final determination of regional total housing need for the SCAG region. SCAG staff has developed a framework to guide this process, and a list of specific subject areas for HCD's consideration, including projections of household growth from SCAG's 2020 RTP/SCS bottom-up local review and input growth forecasting process as well as data, analysis, and assumptions related to existing housing needs.*

**BACKGROUND:**

The RHNA process as prescribed by Government Code Section 65584 et seq., requires a consultation process between SCAG and HCD before HCD issues its final determination of regional total housing need for the SCAG region. Specifically, Government Code Section 65584.01(b)(1) requires SCAG to provide data, assumptions, and methodology to be used by HCD to determine the region's housing needs.

SCAG staff have previously presented a framework to guide the development of this consultation process which includes the following goals:

- Follow the SCAG 2020 RTP/SCS growth forecasting process, procedure, methodology, and results including bottom-up local review, comment, and input.

- Provide the best outcomes for the SCAG regional housing needs assessment and determination, meet the requirements of the law, and use the best available data and technical methodology.
- Research the appropriate factors and causes associated with “existing housing needs.”
- Develop policy responses for a long-term robust, stable, supply of sites and zoning for housing construction.

SCAG proposes that a clear distinction be made between housing need due to projected regional population growth and those due to existing housing needs. Using the RTP/SCS growth forecast as a basis for projected housing need is a long-standing, credible approach which is consistent with Government Code Section 65584.01.

SCAG also recognizes regional housing supply and affordability challenges statewide and in the region and recognizes that legislative changes in 2017 and 2018 have added data elements to 65584.01(b)(1) which are closely related to “existing housing needs,” or “housing production backlog.” Separate estimates of existing need have not been included in RTP/SCS growth forecast development, so therefore an alternative means of assessing and allocating this need is required. Planning for this additional housing production through RHNA is an important concurrent and complementary planning process.

Staff presented a draft consultation package which was approved by the RHNA Subcommittee on May 6, 2019. This draft consultation package included:

- SCAG’s 2020 RTP/SCS growth forecast and approach to need due to projected growth
- An interpretation of several new data elements which relate to existing housing need
- Eight specific technical and conceptual matters to discuss with HCD related to the regional determination

Subsequently on May 9<sup>th</sup>, SCAG staff met with HCD staff and shared this draft consultation package as a starting point for ongoing discussions. HCD reiterated their perspective that the legislative changes are intended to explicitly address housing production backlog (“existing need”) which is distinct from prior cycles of RHNA which had primarily followed growth forecasts addressing projected need. While HCD did not conduct a full review of the draft consultation package, they provided additional insight into how they are likely to consider certain data elements.

This report builds on SCAG’s Draft Consultation Package by incorporating insights and changes learned since meeting with HCD. Modifications of SCAG’s estimate of housing need due to projected growth and existing housing need have been made to recognize aspects of HCD’s established practice while maintaining SCAG’s recommended data sources and addressing several key concerns. This report reiterates the same eight specific matters for HCD’s consideration:

1. SCAG 2020 RTP/SCS growth forecast data and assumptions
2. Clarifying the distinction between housing need due to projected growth versus existing need
3. Use of a comparable region standard and household overcrowding

- 
4. Use of cost burden as an input to determining housing needs
  5. Use of historical comparison for understanding SCAG region demographic, economic, and housing characteristics
  6. High correlation and double-counting possibility between measures of existing housing need
  7. Phasing existing housing need beyond a single RHNA cycle
  8. Issues related to sites, zoning, and COG efforts to promote housing

At its May 6<sup>th</sup> meeting, the RHNA Subcommittee reiterated the importance of points 6 and 7 above and also requested that staff seek clarification with HCD on various matters such as student or university housing.

Ultimately, this report presents a realistic estimate of the final regional determination of housing need taking into account SCAG's data sources, key concerns, and aspects of HCD's practice. HCD has final authority to issue a regional determination following the consultation with SCAG, which is expected in August 2019. Staff anticipates continued consultation with HCD on specific details until that time, building on the approach laid out here.

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## Technical Appendix

The RHNA process as prescribed by Government Code Section 65584 et. seq., requires a consultation process between SCAG and HCD/DOF before HCD issues its final determination of regional total housing need for the SCAG region.

Specifically, Government Code Section 65584.01(b)(1) requires SCAG to prepare this information packet:

*“At least 26 months prior to the scheduled revision pursuant to Section 65588 and prior to developing the existing and projected housing need for a region, the department shall meet and consult with the council of governments regarding the assumptions and methodology to be used by the department to determine the region’s housing needs. The council of governments shall provide data assumptions from the council’s projections, including, if available, the following data for the region:*

*(A) Anticipated household growth associated with projected population increases.*

*(B) Household size data and trends in household size.*

*(C) The percentage of households that are overcrowded and the overcrowding rate for a comparable housing market. For purposes of this subparagraph:*

*(i) The term “overcrowded” means more than one resident per room in each room in a dwelling.*

*(ii) The term “overcrowded rate for a comparable housing market” means that the overcrowding rate is no more than the average overcrowding rate in comparable regions throughout the nation, as determined by the council of governments.*

*(D) The rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures.*

*(E) The vacancy rates in existing housing stock, and the vacancy rates for healthy housing market functioning and regional mobility, as well as housing replacement needs. For purposes of this subparagraph, the vacancy rate for a healthy rental housing market shall be considered no less than 5 percent.*

*(F) Other characteristics of the composition of the projected population.*

*(G) The relationship between jobs and housing, including any imbalance between jobs and housing.*

*(H) The percentage of households that are cost burdened and the rate of housing cost burden for a healthy housing market. For the purposes of this subparagraph:*

*(i) The term “cost burdened” means the share of very low-, low-, moderate-, and above moderate-income households that are paying more than 30 percent of household income on housing costs.*

*(ii) The term “rate of housing cost burden for a healthy housing market” means that the rate of households that are cost burdened is no more than the average rate of households that are cost burdened in comparable regions throughout the nation, as determined by the council of governments.*

*(l) The loss of units during a state of emergency that was declared by the Governor pursuant to the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2), during the planning period immediately preceding the relevant revision pursuant to Section 65588 that have yet to be rebuilt or replaced at the time of the data request.”*

As specified in Government Code 65584 et seq., if the total regional population forecast for the projection year (10/1/2029) developed for SCAG’s RTP/SCS is within a range of 1.5% of DOF’s forecast of the same, then SCAG’s forecast shall be the basis from which HCD determines existing and projected need for housing in the region.

Table 1 outlines the SCAG region’s housing need due to projected growth. SCAG proposes a regional housing needs determination of 430,289 due to projected growth for SCAG and delegated subregions (if applicable) to distribute among local jurisdictions. SCAG projects total regional population to grow to 20,725,878 by October 1, 2029. SCAG’s projection is 0.18% higher than DOF’s projection of 20,689,591, thus SCAG’s forecast shall be used.

Table 1. Assessment of SCAG region housing need from Jan 1, 2018 to Oct 1, 2029				
1	<b>Population: Oct 1, 2029 (SCAG 2020 RTP/SCS Forecast)</b>			20,725,878
	- Less Group Quarters Population (SCAG 2020 RTP/SCS Forecast)			-327,879
	<b>Household (HH) Population, Oct 1, 2029</b>			20,397,998
2	<b>Household Formation Groups</b>	<b>SCAG Projected HH Population</b>	<b>Headship rate - see Table 2</b>	<b>Projected Households</b>
		20,397,998		6,668,498
	under 15 years	3,812,391		n/a
	15 - 24 years	2,642,548		147,005
	25 - 34 years	2,847,526		864,349
	35 - 44 years	2,821,442		1,304,658
	45 - 54 years	2,450,776		1,243,288
	55 - 64 years	2,182,421		1,116,479
	65 - 74 years	1,883,181		1,015,576
	75 - 84 years	1,167,232		637,415
	85+	590,480		339,727
3	<b>Projected Households, Oct 1, 2029</b>			<b>6,668,498</b>
4	<b>CA DOF Occupied housing units, Jan 1, 2018 (E-5)</b>			<b>6,073,761</b>
5	<b>Projected household growth, Jan 1, 2018 - Oct 1, 2029 (11.75 yrs)</b>			<b>594,737</b>
6	<b>+ Vacancy Adjustment - Projected Need</b>			
		Owner	Renter	
	Tenure Percentage (2017 1-year ACS)	52.43%	47.57%	
	Projected HH Growth by Tenure	311,821	282,916	
	Healthy market vacancy rate	1.50%	5.00%	
	SCAG vacancy rate	1.10%	3.28%	
	<i>Difference; multiply by projected HH growth by tenure</i>	0.40%	1.72%	
	<b>Vacancy Adjustment - Projected Need</b>	1,247	4,866	6,113
7	<b>+ Replacement Adjustment - Projected Need</b>			
	Estimate of share of housing stock demolished (DOF/HCD)			0.41%
	<b>Replacement Adjustment - Projected Need</b>			2,438
8	<b>+ Overcrowding Adjustment - Projected Need</b>			
	SCAG total overcrowding rate (2017 1-year ACS, >1.0/room)			9.82%
	Comparable region overcrowding rate			7.49%
	<i>Difference; multiply by projected HH growth</i>			2.33%
	<b>Overcrowding Adjustment - Projected Need</b>			13,857
9	<b>- Less: HH growth on tribal lands (SCAG estimate, Table 3)</b>			-4,310
10	Regional housing need due to projected growth, Jan 1, 2018 - Oct 1, 2029			612,836
	<b>Regional housing need due to growth over the 8.25-year RHNA projection period (Jul 1, 2021 - Oct 1, 2029)</b>			<b>430,289</b>
	<b>Estimate of additional housing need existing at the beginning of the RHNA projection period</b>			
11	<b>+ Vacancy Adjustment - Existing Need</b>			
		Owner	Renter	Total
	Tenure Percentage (2017 1-year ACS)	52.43%	47.57%	
	Existing occupied housing units by tenure on Jan 1, 2018 (CA DOF)	3,184,473	2,889,288	
	SCAG Region Vacancy Rate, 2017 1-year ACS	1.10%	3.28%	
	Healthy market vacancy rate	1.50%	5.00%	
	<i>Difference; multiply by existing occupied units by tenure</i>	0.40%	1.72%	
	<b>Existing Vacancy Adjustment - New Unit Need</b>	12,738	49,696	62,434
12	<b>+ Replacement Adjustment - Existing Need</b>			
	Existing housing units on January 1, 2018			6,073,761
	Estimate of share of housing stock demolished (DOF/HCD)			0.41%
	<b>Replacement Adjustment - Existing Need</b>			24,902
13	<b>+ Overcrowding Adjustment</b>			
	Existing housing units on Jan 1, 2018			6,073,761
	SCAG Total Overcrowding Rate (2017 1-year ACS, >1.0/room)			9.82%
	Comparable region overcrowding rate			7.49%
	<i>Difference; multiply by existing occupied units</i>			2.33%
	<b>Overcrowding Adjustment - Existing Need</b>			141,519
14	<i>Cost Burden. Not recommended as an adjustment to new unit need. See footnote, and report section 4.</i>			
15	<b>Estimate of additional housing need existing at the beginning of the projection period</b>			<b>228,855</b>



**TABLE 1 NOTES**

- 1 Population. Total population, group quarters population, and household reflect SCAG's October 1, 2029 projection consistent with the 2020 RTP/SCS growth forecast and reflect the most recent socioeconomic data and statistics from the Decennial Census & American Community Survey.
- 2 Household formation groups: Headship rates, also referred to as household formation rates, are applied to the household population from (1) and are broken down by age, sex, and race/ethnicity as is standard demographic practice. Total headship rates in the SCAG region have declined consistently since 1980 and have been roughly stable since 2014. While SCAG's previous forecasts such as the 2012 and 2016 RTP/SCS typically forecasted a continuation of this long-term downward trend, SCAG's 2020 RTP/SCS forecast has been revised to use a constant headship rate based on the most available American Community Survey (ACS) data. At the time of this analysis, the most recently available data are ACS 2017 1-year samples.
- 3 Projected households: Projected households at the end of the RHNA projection period using the above methodology.
- 4 Existing occupied housing units: From the most recently available DOF occupied housing unit estimate as of April 2019.
- 5 Projected household growth: Increase in the number of households expected from DOF's most recently available housing unit estimate until the end of the RHNA projection period.
- 6 Vacancy adjustment - projected need: While Gov't Code 65584.01 specifies a 5% minimum for renter vacancy, 1.5% is used as an acceptable vacancy rate for for-sale housing. This is roughly equivalent to the statewide average vacancy rate between 1998-2018 and is also equal to the 1.5% owner vacancy used during the 5th cycle of RHNA. The fair market rate is compared against ACS 2017 1-year estimates for for-sale and for-rent housing (ACS series DP04), and the difference is multiplied by the projected growth in housing units.
- 7 Replacement adjustment - projected need: A rate is applied to projected growth (and applied separately to existing occupied units in line 12) in order to approximate housing units demolished but not yet replaced during the projection period. HCD staff provided SCAG staff with DOF's estimate of annual demolitions for the SCAG region (0.41%) which is used in this calculation. At the time of this writing, estimates of units lost due to natural disaster have not yet been received from local jurisdictions or DOF. A modified estimate based on these data, or other data sources which may become available, may be included in order to refine this estimate prior to a final regional determination.
- 8 Overcrowding adjustment - projected need: The difference in overcrowding rate between the SCAG region and a comparable region is multiplied by the projected growth in housing units. Data used are from the 2017 1-year American Community Survey estimates (series B25014) and compare the SCAG region with a set of consolidated statistical areas (CSAs) described in section 3 of this report.
- 9 Household growth on tribal lands: Household growth identified on the tribal lands which are not subject to General Plan housing element update/planning. As discussed during the 5th cycle RHNA determination process, these households are both excluded in determining regional needs, and units constructed will not count toward satisfying a jurisdiction's RHNA total.
- 10 Regional housing need due to projected growth: Estimate of housing need due to projected growth over the 8.25-year RHNA projection period, which is a proportional share using the above analysis of the 11.75-year period for which data are fully available (Jan 1, 2018 - Oct 1, 2029).
- 11 Vacancy adjustment - existing need: This adjustment accounts for observed vacancy rates which are below a fair market vacancy rate. This adjustment multiplies this difference by the number of existing occupied housing units, split by tenure.
- 12 Replacement adjustment - existing need: See footnote 7. This rate is multiplied by the number of existing occupied housing units.
- 13 Overcrowding adjustment - existing need: See footnote 8. This difference is multiplied by the number of existing occupied housing units.
- 14 Cost burden - While 65584.01 indicates that rates of cost burdened households can be considered in determining regional housing need, as indicated in section 4 of this report, indicators of cost burden may be more effectively captured elsewhere in the RHNA process, and may not require a separate adjustment to new unit need.
- 15 Existing housing need: Estimate of housing need existing at the beginning of the projection period to be addressed by the state's new approach to RHNA.

Table 2: Household Projection Using Population Projection for 10/1/2029

		2029		
Race/Ethnicity	Sex/Age	Residential Population	2017 Headship Rate	2029 Households
<b>White</b>				
NH White	Male			
NH White	15-24	254,422	7.54%	19,172
NH White	25-34	319,764	40.04%	128,049
NH White	35-44	384,282	52.30%	200,981
NH White	45-54	349,480	56.73%	198,277
NH White	55-64	322,373	62.46%	201,365
NH White	65-74	341,125	70.32%	239,893
NH White	75-84	230,154	72.29%	166,382
NH White	85+	109,909	72.98%	80,209
NH White	Male Total	2,311,510		1,234,328
NH White	Female			
NH White	15-24	249,619	9.02%	22,512
NH White	25-34	309,532	37.37%	115,687
NH White	35-44	353,394	49.76%	175,863
NH White	45-54	320,634	52.92%	169,680
NH White	55-64	318,582	53.52%	170,516
NH White	65-74	362,387	55.78%	202,122
NH White	75-84	276,412	59.19%	163,602
NH White	85+	174,354	67.10%	116,999
NH White	Female Total	2,364,914		1,136,981
<b>Black</b>				
NH Black	Male			
NH Black	15-24	73,225	7.11%	5,210
NH Black	25-34	70,067	26.73%	18,730
NH Black	35-44	82,547	44.14%	36,433
NH Black	45-54	66,592	51.75%	34,459
NH Black	55-64	56,756	57.66%	32,723
NH Black	65-74	51,207	68.20%	34,924
NH Black	75-84	26,746	59.50%	15,913
NH Black	85+	10,431	61.83%	6,450
NH Black	Male Total	437,571		184,841
NH Black	Female			
NH Black	15-24	71,673	6.19%	4,436
NH Black	25-34	74,503	40.06%	29,847
NH Black	35-44	85,856	58.23%	49,994
NH Black	45-54	72,269	62.58%	45,223
NH Black	55-64	68,812	58.51%	40,262
NH Black	65-74	66,201	67.35%	44,586
NH Black	75-84	37,571	68.36%	25,683
NH Black	85+	19,255	68.98%	13,282
NH Black	Female Total	496,141		253,313

Table 2 (cont'd): Household Projection Using Population Projection for 10/1/2029

		2029		
Race/Ethnicity	Sex/Age	Residential Population	2017 Headship Rate	2029 Households
<b>NH Asian &amp; Oth.</b>				
NH Asian & Oth.	Male			
NH Asian & Oth.	15-24	223,296	7.04%	15,714
NH Asian & Oth.	25-34	233,920	34.39%	80,455
NH Asian & Oth.	35-44	234,858	53.38%	125,378
NH Asian & Oth.	45-54	220,539	57.53%	126,886
NH Asian & Oth.	55-64	201,374	58.51%	117,827
NH Asian & Oth.	65-74	171,696	57.73%	99,118
NH Asian & Oth.	75-84	111,302	52.64%	58,585
NH Asian & Oth.	85+	52,225	47.78%	24,956
NH Asian & Oth.	Male Total	1,449,210		648,919
NH Asian & Oth.	Female			
NH Asian & Oth.	15-24	222,291	7.05%	15,673
NH Asian & Oth.	25-34	242,953	29.01%	70,493
NH Asian & Oth.	35-44	256,035	39.72%	101,702
NH Asian & Oth.	45-54	250,454	41.03%	102,750
NH Asian & Oth.	55-64	228,414	37.12%	84,786
NH Asian & Oth.	65-74	204,846	33.72%	69,067
NH Asian & Oth.	75-84	146,686	37.99%	55,724
NH Asian & Oth.	85+	82,280	41.67%	34,288
NH Asian & Oth.	Female Total	1,633,959		534,481
<b>Hispanic</b>				
Hispanic	Male			
Hispanic	15-24	793,538	4.01%	31,828
Hispanic	25-34	813,915	24.60%	200,196
Hispanic	35-44	723,165	42.26%	305,592
Hispanic	45-54	592,224	51.04%	302,243
Hispanic	55-64	485,958	53.93%	262,072
Hispanic	65-74	323,946	56.16%	181,924
Hispanic	75-84	147,756	48.86%	72,199
Hispanic	85+	59,000	45.12%	26,620
Hispanic	Male Total	3,939,502		1,382,674
Hispanic	Female			
Hispanic	15-24	754,483	4.30%	32,461
Hispanic	25-34	782,872	28.22%	220,893
Hispanic	35-44	701,304	44.02%	308,715
Hispanic	45-54	578,583	45.59%	263,771
Hispanic	55-64	500,152	41.37%	206,928
Hispanic	65-74	361,773	39.79%	143,942
Hispanic	75-84	190,606	41.62%	79,327
Hispanic	85+	83,027	44.47%	36,924
Hispanic	Female Total	3,952,799		1,292,962
<b>Total</b>				
Total				
Total	15-24	2,642,548		147,005
Total	25-34	2,847,526		864,349
Total	35-44	2,821,442		1,304,658
Total	45-54	2,450,776		1,243,288
Total	55-64	2,182,421		1,116,479
Total	65-74	1,883,181		1,015,576
Total	75-84	1,167,232		637,415
Total	85+	590,480		339,727
<b>Total</b>	<b>Grand Total</b>	<b>16,585,607</b>		<b>6,668,498</b>

Table 3: Analysis of SCAG region households on tribal land

COUNTY	TRIBE	HOUSEHOLDS			
		2013-2017 ACS Estimate	2016 SCAG Estimate	2030 SCAG Projection	Growth estimate, 1/2018-10/2029
Riverside	Agua Caliente Reservation	13,777	13,891	17,263	2,830
Riverside	Augustine Reservation	0	0	0	-
Riverside	Cabazon Reservation	206	206	670	389
Riverside	Cahuilla Reservation	34	53	64	9
San Bernardino	Chemehuevi Indian Reservation	124	295	295	-
Riverside	Colorado River Indian Tribes Reservation	719	944	1,089	122
San Bernardino	Fort Mohave Reservation	113	73	75	2
Imperial	Fort Yuma Reservation (Quechan Tribe)	405	615	773	133
Riverside	Morongo Reservation	273	278	338	50
Riverside	Pechanga Reservation	101	93	122	24
Riverside	Ramona Reservation	0	2	2	-
San Bernardino	San Manuel Reservation	24	58	59	1
Riverside	Santa Rosa Reservation	24	16	89	61
Riverside	Soboba Reservation	387	182	229	39
Riverside	Torres Martinez Reservation	840	1,148	1,919	647
San Bernardino	Twenty-nine Palms Reservation	4	11	13	2
<i>Source: Draft SCAG 2020 RTP/SCS Growth Forecast</i>		17,031	17,864	23,000	4,310

**1. SCAG 2020 RTP/SCS growth forecast data and assumptions**

SCAG’s growth forecast is the foundation for the 2020 RTP/SCS development and housing planning efforts. SCAG initiated the current growth forecasting process in July 2017. Through the 24-month process, the methodology, assumptions, and results of SCAG’s growth forecast reflected the information of the most recently available socioeconomic data and statistics, including expert panel opinions, and American Community Survey (ACS) information. Additionally, as preparation for both the 2020 RTP/SCS and the 6<sup>th</sup> cycle of RHNA, SCAG staff met one-on-one with all 197 local jurisdictions and provided an opportunity to review the draft growth forecast. Additional detail can be found in the notes of Table 1.

**2. Clarifying the distinction between housing need due to projected growth versus existing need**

SCAG proposes that a clear distinction be made between housing need due to projected regional growth and that due to existing housing need following Government Code 65584.01(b)(1). In this context, projected need refers to housing need due to expected growth during the 6th cycle RHNA projection period, which is from 7/1/2021 through 10/1/2029. This approach was followed during SCAG’s 5<sup>th</sup> cycle regional determination, which used *projected growth in households* as a starting point and arrived at a determination of regional need by making adjustments to this value.

While using a growth forecast as a basis for projected housing need is a credible, established approach for regional targeting, understanding existing housing need is less precise and is a less established practice. On March 27, 2019, SCAG convened a panel of fifteen housing, demographic, and economic experts to assist SCAG staff with understanding how to measure and assess existing

housing need. Several approaches informed by their insights are discussed throughout this memo and SCAG staff's estimates of existing housing need.<sup>1</sup>

As preparation for the 2020 RTP/SCS and 6<sup>th</sup> cycle of RHNA, staff met one-on-one with all 197 local jurisdictions and provided an opportunity to review the draft growth forecast. Since this process began, new legislation has added specific measures of *existing housing need* to the planning process.

SCAG has reviewed SANDAG's 6<sup>th</sup> cycle regional determination from HCD which applied adjustment factors to *total households* rather than *projected growth in households*. Government Code 65584(b)(2) specifically enables this, stating "*The methodology submitted by the department may make adjustments based on the region's total projected households, which includes existing households as well as projected households.*"

SCAG believes that the nature of each adjustment must be considered carefully as to whether it is appropriate to apply it to *projected growth in households* or to *households existing at the beginning of the projection period* (henceforth "existing households"). The approach outlined in Table 1 splits adjustments based on whether they are attributable to projected growth or existing need. As previously noted, because local input resulting in the draft growth forecast did not address existing need specifically, separate estimates of existing need must be addressed and an alternative means of assessing and allocating this need is required.

### **1. Use of a comparable region standard and household overcrowding**

Perhaps recognizing that Census-derived data on household conditions is reflective of myriad factors in addition to housing market conditions e.g. demographic composition, unique geography, and cultural and regional preferences, SB 828 added Section 65584.01 (b)(C)(ii): "*The term 'overcrowded rate for a comparable housing market' means that the overcrowding rate is no more than the average overcrowding rate in comparable regions throughout the nation, as determined by the council of governments.*"

However, due to SCAG's sheer size and unique demographic characteristics, this is a greater challenge than other regions in the state. Specifically, using 2017 American Community Survey data for consolidated statistical areas (CSAs), the combined, five-county area of Los Angeles, Orange, Riverside, San Bernardino, and Ventura counties leads the nation in the share of households with above 1.0 resident per room in a dwelling, at 9.8%.<sup>2</sup>

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<sup>1</sup> A staff report to the May 6, 2019 SCAG RHNA Subcommittee meeting contains a recap of this Panel of Experts meeting.

<sup>2</sup> The most common delineation of a region is the Metropolitan Statistical Area (MSA) defined by the US Office of Management and Budget based on contiguity and labor market connectivity. However, the SCAG region is an aggregation of multiple MSAs. The Census Bureau's definition of a CSA is roughly analogous and provides a basis of comparing the SCAG region to other areas (although Imperial County is omitted).

Government Code Section 65584.01(b)(1) defines overcrowding as “more than 1.0 per room,” analogous to the ACS’ measure. However, several concerns are raised by the use of this measure.

- Multiple definitions of overcrowding exist including a 1.5 persons/room standard (“severe overcrowding”) and measures which use occupants per unit size. Despite this variety, state law defines overcrowding as the 1.0/room standard.
- SCAG’s interpretation of existing statute is that overcrowding is being suggested as a measure of housing need in order to capture “unrealized” housing demand, e.g. doubling or tripling up, bundling, adult children living excessively with parents, etc. While the 1.0 occupants/room standard may capture some of this behavior it is not a precise reflection of it.
- Definitions of a “room” may not be universally applied and may vary based on the housing design characteristics, the character of a region’s housing stock, ACS guidelines, and ultimately the opinion of what constitutes a “room” by the sample of householders responding to the American Community Survey.
- While housing overcrowding can be associated with substandard living conditions, a planning target seeking to entirely eliminate overcrowding would remove a form of housing safety net—that is, the ability to occasionally have additional person such as a family member or friend in a housing unit in order to guard against further housing insecurity, up to and including homelessness.
- Measures of overcrowding may consider the same living conditions overcrowded or not overcrowded. For example, a family of two adults and two children living in a standard two-bedroom apartment (which likely contains three bona-fide rooms according to ACS guidelines) live in overcrowded conditions according to the 1.0 occupants/room standard. However, according to the California residential occupancy standard of “two-persons-per-bedroom-plus-one” would not.<sup>3</sup>
- There are strong cultural and demographic drivers of living arrangements. Research on residential occupancy standards emphasizes the extent to which a class-specific standard of individual space can prevent higher-density housing in an area.<sup>4</sup>
- Prior research on housing overcrowding demonstrates that demographic characteristics show stronger observed relationships with overcrowding measures than housing market characteristics. A region’s foreign-born population share is amongst the strongest predictors of a region’s household overcrowding measure.<sup>5</sup>
- Much of the uniqueness of the SCAG region from a demographic and housing perspective is due to its historical and current role as a key immigrant gateway which fosters the social and economic integration of recent immigrant arrivals to promote positive social outcomes.

Rather than choosing a single CSA as a comparable region, we propose using a set of CSAs based on their share of recently-arrived (since 2000) foreign-born population as a crude mechanism for

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<sup>3</sup> Tim Iglesias, *Moving Beyond Two-Person-Per-Bedroom: Revitalizing Application of the Federal Fair Housing Act to Private Residential Occupancy Standards*, 28 Ga. St. U. L. Rev. (2013). Available at: <https://readingroom.law.gsu.edu/gsulr/vol28/iss3/11>

<sup>4</sup> *Ibid.* 3

<sup>5</sup> Myers, D., Baer, W.C., and Choi, S-Y. 1996. The changing problem of overcrowded housing. *Journal of the American Planning Association* 62:1, 66-84, DOI: 10.1080/01944369608975671.

isolating non-demographic drivers of housing issues, including overcrowding. Thus, a comparable set of regions is the above list which have an average overcrowding rate of 7.49%. The list consists of large areas, plus mid-sized areas in Texas and California which are also immigrant gateways (Table 4).

Table 4: Ten largest CSAs by recently-arrived foreign-born population\* (2017 ACS 1-yr.)

Region/Consolidated Statistical Area (CSA)	Total Population	Percent Foreign-born arrived since 2000	Percent Overcrowded (1.0/room)	Percent Overcrowded (1.5/room)	Percent cost-burdened (30% standard), low/very low-income renters
1 Los Angeles-Long Beach, CA	18,788,800	19.7%	9.83%	3.79%	88.1%
2 Miami-Fort Lauderdale-Port St. Lucie, FL	6,832,588	19.7%	4.63%	1.60%	86.7%
3 San Jose-San Francisco-Oakland, CA	8,837,789	16.8%	6.99%	2.52%	85.9%
4 McAllen-Edinburg, TX	925,115	15.8%	11.25%	3.85%	68.8%
5 Brownsville-Harlingen-Raymondville, TX	448,358	15.1%	9.67%	3.17%	67.8%
6 El Paso-Las Cruces, TX-NM	1,058,256	15.1%	5.59%	1.82%	65.5%
7 New York-Newark, NY-NJ-CT-PA	23,876,155	14.8%	5.26%	1.92%	83.5%
8 Visalia-Porterville-Hanford, CA	614,594	14.6%	10.63%	1.99%	73.9%
9 Modesto-Merced, CA	820,572	14.4%	7.09%	1.68%	79.0%
10 Fresno-Madera, CA	1,146,145	13.1%	9.35%	3.48%	78.1%
11 Las Vegas-Henderson, NV-AZ	2,455,481	12.0%	4.43%	1.45%	77.6%
** <i>(1) is the SCAG region, excluding Imperial County</i>		AVERAGE:	7.49%	2.35%	76.7%

## 2. Use of cost burden as an input to determining housing needs

SCAG staff’s understanding is that cost burden is a newly added data element for 2018 for which a comprehensive approach is yet to be developed. In particular, which (if any) income category breakdowns to use is left unspecified.

There are several challenges in using a measure of cost burden to estimate housing unit need, including but not limited to:

- Owner and renter experiences of cost burden – and housing security – differ substantially.
- Expenditure on housing represents a bundle of goods including the physical aspects of the home itself, its location within a metropolitan area, and the labor market in which it lies.
- The 30 percent-of-income standard, while used by the US Department of Housing and Urban Development (HUD) and benefiting from historical precedent, may not be an effective measure of overpayment and housing affordability challenges. In particular, cost burden shares have been rising nationwide. A “severe cost burdened” indicator which measures the share of households paying more than 50 percent of income on housing may be a better indicator, though the 30 percent standard is included in state legislation.
- Using housing cost (or housing cost relative to income, which is effectively equivalent to the cost burden measure) to estimate a number of units needed requires an analysis of *the elasticity of housing demand*. Put differently, how many units would need to be added such that prices would decrease? This is an especially challenging empirical and methodological



task due to the multi-faceted behavioral nature of housing consumption. By way of an analogy, in the same way that adding freeway lane-miles is not likely to alleviate traffic congestion in the long-run, there is not a one-to-one (i.e., linear) relationship between increases in housing supply and decreases in rates of housing cost burden.

Reports by the state legislative analyst's office (LAO)<sup>6</sup> and the McKinsey Global Institute<sup>7</sup> both seek to measure the elasticity of housing demand and estimate the number of housing units needed to stabilize housing costs. However both reports are careful to acknowledge a number of substantial modeling limitations. A high level of trust must be placed in (generally linear) modeling assumptions, e.g. the choice to use 1980 as a basis for rent growth in the LAO report's case. Given inherent modeling uncertainties and the need to robustly and effectively communicate drivers of housing need to a wide range of local jurisdictions and stakeholders, we do not recommend an overreliance on either report's conclusions. Furthermore, SCAG's share of state level housing needs remains unexplored. While roughly 49% of the state resides in the SCAG region, a strong rationale would be needed in order to justify allocating 49% of a state housing target to the SCAG region—particularly given the especially acute affordability and supply issues in the state's second-largest urbanized region.

Based on our analysis of the cost-burden measure, review of similar approaches, and discussion amongst a panel of experts, it's clear that cost burden is an income-based social condition rather than a specific measure of housing undersupply. As such, SCAG recommends caution in using a cost-burden measure to generate an estimate of new housing unit need. Instead, SCAG proposes continued research and discussion regarding how cost burden can be considered when allocating the regional determination across income categories.

One potential approach to using cost burden measures to inform estimates of housing unit need, which is provided for discussion but is not SCAG staff's recommendation, is to focus on renter households earning under \$50,000/year. These households face the lowest levels of housing security. In the SCAG region, 88.9% of renter households earning under \$50,000/year are cost-burdened, while the share amongst the set of comparable regions in Table 4 is 76.7%. Following HCD's practice of adding one housing unit for each *overcrowded household* in excess of a comparable region overcrowding rate, a potential approach using cost burden data could be to add one housing unit for each *cost-burdened low-income renter household* above 76.7%.<sup>8</sup>

### **3. Use of historical comparison for understanding external drivers of housing need in the SCAG region**

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<sup>6</sup> Talor, Mic. 2015. California's high housing costs: Causes and consequences. *California Legislative Analyst's Office*. March 17.

<sup>7</sup> Woetzel, J., Mischke, J., Peloquin, S., and Weisfield, D. 2016. A tool kit to close California's housing gap: 3.5 million homes by 2025. *McKinsey Global Institute*. October.

<sup>8</sup> See the SANDAG 6<sup>th</sup> cycle RHNA determination. Additionally, per the 2017 1-year ACS estimates, the SCAG region has 1,348,193 low-income renter households as defined above.

An approach to estimating existing need that has been discussed at various points, including the 2015 LAO report,<sup>9</sup> is to compare current socioeconomic indicators in a region to a historical point in time when housing supply and affordability issues in the region were less pronounced. We recommend that the relevance of decades-old data should not be overstated given the myriad economic, demographic, and social changes that have occurred regionally and nationally. For comparison, the above-referenced LAO report compares regional to national rent growth since 1980, while a common reference point has also been the year 2000—prior to the housing bubble, great recession, and housing collapse of the mid and late 2000s.

Table 6 presents several key indicators to illustrate some differences in social and economic conditions since 2000 which can also bear a strong relationship to measures of existing housing need. Fertility rates have dropped substantially and median ages have increased. Importantly, labor force participation – particularly amongst younger residents of the SCAG region – has declined substantially. This severely impacts the ability to build sufficient wealth to form households or purchase homes. More broadly, inflation-adjusted median household incomes have barely risen since 2000 despite substantial overall economic growth, making affording housing an increasing challenge. Manufacturing jobs, long a pillar of middle-class stability, have declined dramatically. While employment has grown at high and low wage levels, substantial middle-wage job losses during the recovery from the financial crisis of the late 2000s have resulted in virtually no middle-wage employment growth since the beginning of the millennium—again impacting the ability to form households purchase homes.

Table 6: Historical comparison of select social and economic conditions in the SCAG region

<b>Indicator</b>	<b>2000</b>	<b>Current</b>	<b>Year</b>	<b>Change</b>
Total Fertility Rate	2.17	1.75	2016	-19.6%
Labor force participation, ages 16 and above	67.1%	62.0%	2018	-5.1%
Labor force participation, ages 16-24	65.4%	52.8%	2018	-12.6%
Median household income, 2017 constant dollars	67,726	67,943	2017	0.3%
Median age	32.30	36.50	2020	13.0%
Manufacturing employment	1,004,000	634,000	2018	-36.9%
Growth in low-wage (< \$18/hr) employment				344,320
Growth in middle-wage (\$18-30/hr) employment				45,460
Growth in high-wage (> \$30/hr) employment				252,840

Sources: SCAG 2020 RTP/SCS growth forecast, US Bureau of Labor Statistics, California Employment Development Department ES202

#### 4. High correlation and double-counting possibility between measures of existing housing need

Table 1 suggests that adjustments to regional housing need should be split between those related to projected growth and existing need. Furthermore, this report discusses several measures of existing housing need, namely overcrowding, cost burden, and the extent to which vacancy rates

<sup>9</sup> Ibid. 6



are currently below healthy market levels. However, as acknowledged during informal discussions with HCD, these measures are not distinct and likely contain substantial overlap.

In addition, household formation (headship) rates can be considered measures of existing housing need. Headship rates have been consistently decreasing in the region for decades due to a combination of economic, demographic, and housing drivers. SCAG's 2020 RTP/SCS growth forecast projects future population, households, and employment based on past trends, expert-backed assumptions, and local input and as indicated in Table 2 makes use of the most recently observed headship rates to model future behavior, since evidence of future increases in this measure is not present.

While the higher household formation rates of past periods may be desirable from a perspective of housing planning and social outcomes, we stress that if used these should also be considered measures of existing housing need which address the same existing housing need as adjustments based on overcrowding, cost burden, or especially low vacancy.

## 5. Phasing existing need beyond a single RHNA cycle

As discussed previously, given that the state's housing affordability and supply challenges have accumulated over decades, it may be particularly challenging to address the entire "backlog" of housing needs during a single 8.25-year period. SCAG proposes discussing the possibility of spreading the existing need component of the region's determined housing needs over multiple RHNA cycles in order to incentivize jurisdictions to make realistic, good-faith efforts to accommodate and foster sustainable, long-term housing development.

This approach would have several advantages over the current approach, which is to include all elements of projected and existing need into a short timeframe. The current approach largely "expires" after the planning period and provides minimal incentive for long-range housing planning. In past RHNA cycles, housing construction typically lags far behind RHNA targets with market rate construction largely following market trends and affordable housing persistently in short supply. A 2019 LAO report<sup>10</sup> discusses the benefits of a lengthened planning period, noting that it would help communities from becoming locked-in to land use patterns that could prevent the accommodation of future growth while encouraging local thinking about the connection between development patterns and long-range infrastructure and climate adaptation goals.

While there are many details which would need to be discussed further with HCD, one approach would be to spread an estimate of existing housing need across the 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> cycles of RHNA for the region (roughly 25 years total) and allocate 1/3 to each cycle. 2/3 would be "carried over" into the 7<sup>th</sup> and 8<sup>th</sup> cycles and, at the beginning of those planning periods, would be added to the need due to projected growth based on more recent economic and demographic information. Data related to existing need could be reviewed at that time as well.

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<sup>10</sup> Petek, G. 2019. The 2019-20 budget: What can be done to improve local planning for housing? *California Legislative Analyst's Office publication*. February.

We recognize that such an approach would not be without challenges and many details would need to be worked out; however, we believe this may be an effective mechanism for incentivizing local participation in fulfilling long-range housing needs.

## **6. Issues related to sites, zoning, and COG efforts to promote housing**

Furthermore, we recognize that RHNA is a planning target and does not require jurisdictions or COGs to build housing. Following the determination of regional need and its allocation to local jurisdictions, the main policy tool of RHNA is the identification of available sites and ensuring that zoning sufficiently allows for development which can achieve regional targets. However, broader housing affordability and supply challenges are the result of numerous issues including limited state and federal availability of affordable housing funding, poor middle-income job growth, high construction labor costs, and other issues which RHNA's main policy tool is not able to facilitate. As such, we suggest that a RHNA existing need target should strive to isolate the share of existing housing need attributable to the unavailability of appropriately designated sites—a component of housing need attributable to jurisdiction-level planning—in order to increase the robustness of the request being made of local jurisdictions.

We believe there are some approaches which could alleviate concerns over the need to identify sites for which relate to an existing need which is driven by myriad factors beyond the control of a local jurisdiction. First, the use of a comparable region as already called for in the 2018 housing legislation as a planning target can help to net out other, exogenous drivers of housing demand. Secondly, ensuring that multiple measures of the same source of existing housing need are not “doubled up” is an important technique which realizes that a single, credible estimate of “existing need” is not necessarily feasible using the measures referenced in state law.

Finally, SCAG is committed to successfully meeting the region's housing needs. While ultimately additional state policy and financial assistance will be necessary to further promote additional housing development—particularly affordable housing—SCAG staff are in various stages of developing supportive programs which assist local jurisdictions in achieving long-range housing targets including the following:

1) SCAG's Data Map Books, produced for the aforementioned Bottom-up local input and envisioning process, proposed a methodology for identifying potential infill land and solicited input from local jurisdictions. It is likely that some of this potentially developable land inventory could fill future housing need and fulfill RHNA allocations.

2) SCAG's Regional Data Platform and General Plan Update Tool. A part of SCAG's Future Communities Initiative, our recent investment in GIS and data aims to provide additional technical assistance to jurisdictions during the next housing element update process and aims to help in the identification of sites and zoning characteristics that would fulfill housing need.

3) SCAG's tax increment financing pilot program. In particular, SCAG has funded pilot programs to help jurisdictions navigate the state economic development incentive landscape with a focus on



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Enhanced Infrastructure Finance Districts (EIFDs), Community Revitalization and Improvement Areas (CRIAs), and federal Opportunity Zones (OZs). Each of these represent mechanisms which have the potential to fund future housing construction. EIFDs offer particular promise to replenish some of the funding for affordable housing which became unavailable following the 2012 dissolution of Redevelopment Authorities (RDAs). Importantly, they are not restricted to designated disadvantaged areas. SCAG's pilot program has assisted several cities in studying and eventually adopting EIFDs, in addition to leveraging our relationships with county governments who are also able to contribute tax increment to priority projects. A specific focus of SCAG's upcoming round of pilots is for project areas with an affordable housing component which could have substantial impacts on the ability of jurisdictional own-source funding for this goal.

**FISCAL IMPACT:**

Work associated with this item is included in the current FY 18-19 General Fund Budget (800.0160.03:RHNA).

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Southern California Association of Governments  
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017  
June 3, 2019

To: Regional Housing Needs Assessment Subcommittee (RHNA)

EXECUTIVE DIRECTOR'S  
APPROVAL

From: MaAyn Johnson, Senior Regional Planner, Compliance &  
Performance Monitoring, (213) 236-1975,  
[johnson@scag.ca.gov](mailto:johnson@scag.ca.gov)

Subject: Proposed RHNA Distribution Methodology

**RECOMMENDED ACTION:**

For Information Only – No Action Required

**STRATEGIC PLAN:**

This item supports the following Strategic Plan Goal 2: Advance Southern California’s policy interests and planning priorities through regional, statewide, and national engagement and advocacy.

**EXECUTIVE SUMMARY:**

***SCAG staff recommends that the proposed RHNA allocation methodology include a series of steps to determine existing housing need and projected housing need. Existing housing need will use a jurisdiction’s share of regional population and proximity to transit as the determining factors and a 110 percent social equity adjustment will be applied. Existing housing need will be assigned to three (3) income categories of very low, low, and moderate income households. To determine projected housing need, a jurisdiction’s projected household growth will be used as the basis and a future vacancy need and replacement need will be applied. Additionally, a 150 percent social equity adjustment will be applied to projected housing need to determine four (4) income categories. Under these recommendations, a jurisdiction’s RHNA will be the sum of its existing and projected housing need.***

**BACKGROUND:**

As part of the RHNA process SCAG must develop a proposed RHNA methodology, which will determine each jurisdiction’s draft RHNA allocation as a share of the regional determination of existing and projected housing need provided by the California Department of Housing and Community Development (HCD). While State housing law outlines several requirements for the proposed RHNA methodology, such as meeting five main objectives, conducting methodology surveys, and holding at least one public hearing, no specifics are provided on how the regional allocation should be distributed to individual jurisdictions.

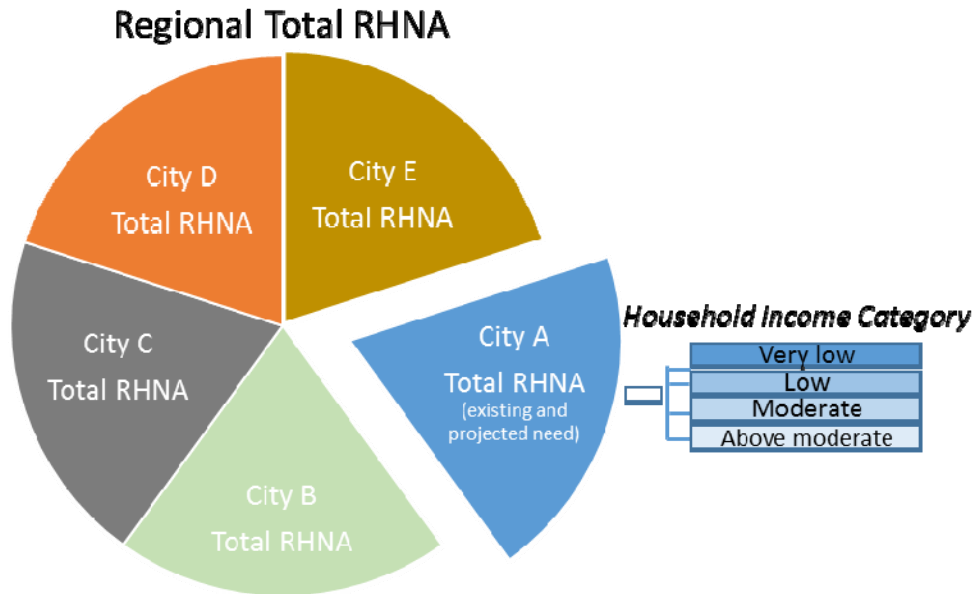
At its March 4, 2019 meeting, the RHNA Subcommittee held a general discussion on the State housing law objectives of social equity and affirmatively furthering fair housing (AFFH). For its April 1, 2019 meeting, the RHNA Subcommittee reviewed different mechanisms to distribute existing housing need and meeting social equity and AFFH objectives, along with the methodologies adopted by other COGs in prior RHNA cycles. At its May 6, 2019 meeting, the Subcommittee discussed SCAG staff's recommendation to use a combination of population share and proximity to transit as influencing factors for determining a jurisdiction's existing housing need.

In continuation of the May 6 discussion in this report, SCAG staff provides further data and analysis of its approach to distributing existing need and also recommends a mechanism to distribute projected housing need and apply a social equity adjustment. While this report is intended as an information item, SCAG staff is seeking input and direction from the RHNA Subcommittee on the recommended approaches below for distributing existing and projected need to jurisdictions along with the social equity adjustments to determine the four RHNA income categories. Thereafter, SCAG staff will review the input received and develop a proposed RHNA methodology for the July 1, 2019 RHNA Subcommittee meeting. SCAG staff will request that the RHNA Subcommittee recommend further approval of the proposed methodology to the Community, Economic & Human Development (CEHD) Committee and the Regional Council at their August 5, 2019 meetings. Following approval from the Regional Council, SCAG will begin the public comment period on the proposed methodology and will hold at least one public hearing to receive comments in August or September 2019.

The methodology for existing need and social equity adjustment discussed at the May 6 RHNA Subcommittee meeting was presented to the SCAG Technical Working Group (TWG) at their April 18 and May 23 meetings. The TWG provided valuable feedback at both meetings and based on their input, along with those provided at the RHNA Subcommittee meetings, SCAG staff has modified some of its original suggestions for the RHNA methodology, which are discussed in this staff report.

#### The RHNA Allocation

The total RHNA allocation is the jurisdiction's share of existing and projected housing needs in the region. The final RHNA of each jurisdiction, by income category, must add up to the same total of the regional total RHNA provided by the HCD during the RHNA process. While HCD requires that indicators of existing need be included in the process to determine regional housing need, there are no statutory requirements on how existing need is distributed in the RHNA methodology. SCAG staff recommends a formulaic approach to ensure to maintain consistency and transparency throughout the RHNA process.



Recommended Distribution Methodology

To determine a jurisdiction’s total RHNA need, SCAG staff recommends a multi-step process:

1. Determine existing housing need
  - a. Assign 70 percent of regional existing need to jurisdictions based on each jurisdiction’s share of the regional population
  - b. Assign 30 percent of regional existing need based on a jurisdiction’s share of population within the regional high quality transit areas (HQTAs)
  - c. Apply a 110% social equity adjustment to determine three income categories (very low, low, and moderate)
  
2. Determine projected housing need
  - a. Assign household growth to jurisdictions based on each jurisdiction’s share of regional household growth based on the Integrated Growth Forecast collected from local input data
  - b. Calculate a jurisdiction’s future vacancy need by applying a healthy market vacancy rate separately to the jurisdiction’s owner and renter households
  - c. Assign a replacement need to jurisdictions based on each jurisdiction’s share of regional replacement need based on information collected from the replacement need survey submitted by local jurisdictions
  - d. Apply a 150% social equity adjustment to determine four income categories (very low, low, moderate, and above moderate)

3. Add the existing housing need by income category from step 1 and the projected housing need by income category from step 2 together to determine a jurisdiction's total RHNA allocation and by income category

This staff report will provide an overview of each step and examples of how this methodology would be applied to two cities, City A and City B. The two cities are based on two existing SCAG cities but their data has been modified to illustrate how the proposed methodology would affect different jurisdictions. City A is a jurisdiction that has a high concentration of lower income households and 38 percent of its total city acreage is within an HQTAs. City B is located in a different county and is considered suburban, and does not have any HQTAs within its boundaries. It has a higher concentration of high income households in comparison to its county. For this example, City A and City B have the same population of 65,000.

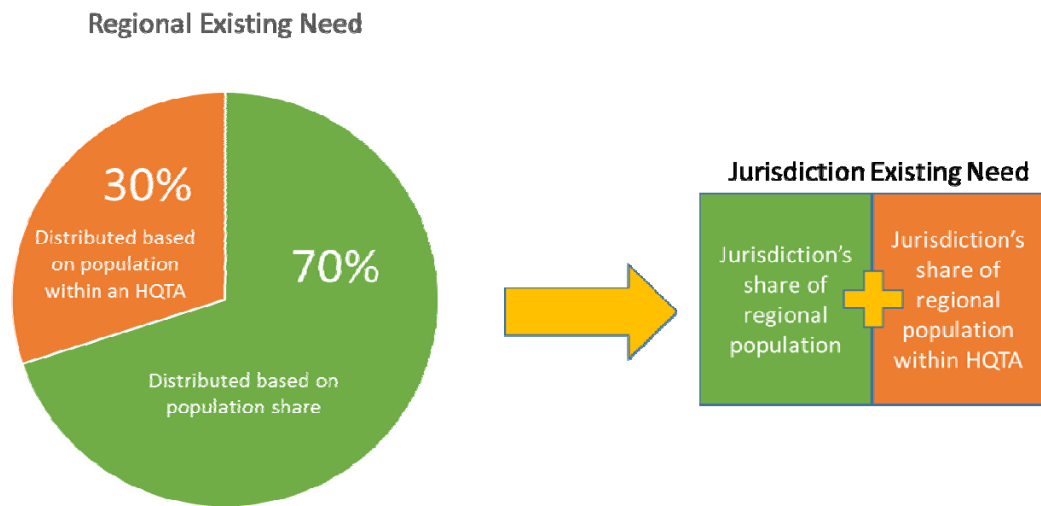
The total regional RHNA allocation, which will include the regional existing and projected need along with regional need by income category, will be determined as part of the regional determination process and is separate from the SCAG methodology process. For purposes of illustration only, this staff report assumes a regional existing housing need of 250,000 units and a regional projected need of 400,000 units. However because the regional determination process will not conclude until mid to late summer 2019, the final existing and projected needs for the region might be higher or lower.

Additionally, it is important to consider the proposed RHNA methodology as a concept rather than focusing on the impact to singular jurisdictions. The purpose of the proposed methodology is to ensure that statewide housing goals are met at the regional level. Fixating on only one jurisdiction may overlook the bigger picture of what the proposed RHNA methodology is intended to achieve – which at a regional level increase housing supply, promote infill development and encourage efficient development patterns, promote an improved intraregional relationship between jobs and housing, mitigating the overconcentration of household income categories, and affirmatively furthering fair housing.



Step 1

The first step to determine a jurisdiction’s RHNA allocation is to determine its existing housing need using the regional existing need as the starting point. Staff’s recommendation to determine this splits the regional existing need into two parts. One part is based on the jurisdiction’s share of regional population and the second part is based on the jurisdiction’s share of the region’s population within a HQTAs.



Regional existing housing need 250,000	x	Distribution based on population share 70%	=	175,000
Regional existing housing need 250,000	x	Distribution based on population within HQTAs 30%	=	75,000

Step 1a: Share of Regional Population

SCAG staff recommends that 70 percent of the regional existing need be assigned based on a jurisdiction’s share of regional population. Assuming a regional existing need of 250,000 units, this means that 70 percent, or 175,000 units will be distributed to jurisdictions based on their population. This straightforward distribution assigns more existing need in areas with larger populations.

The SCAG region has a population of over 18 million people. Because City A and City B have the same population of 65,000, they both have has 0.35% of the region’s population. Based on this step, they each will receive 606 units for their share of the regional existing population.

SCAG existing need based on population share	x	Share of regional population	=	City A Existing need based on share of regional population
175,000	x	0.35%	=	606

SCAG existing need based on population share	x	Share of regional population	=	City B Existing need based on share of regional population
175,000	x	0.35%	=	606

Step 1b: Share of Regional HQTAs Population

The next step involves the consideration of proximity to transit to distribute the remaining 30 percent of the region’s existing housing need. To measure proximity to transit, SCAG staff is recommending the use of High Quality Transit Areas (HQTAs), which are areas that are within a half-mile of transit stations and corridors that have at least a fifteen (15) minute headway (time in between the next scheduled service) during peak hours. Encouraging growth within HQTAs can promote the use of transit, resulting in lower commute times, reduced greenhouse gas emissions, and efficient land use patterns.

The 30 percent of the regional existing housing need will be distributed based on a jurisdiction’s share of regional population within an HQTA. In this example, this translates to 75,000 units that will be distributed regionally based on this factor. City B does not have any HQTAs within its jurisdiction and will receive 0 units of the 75,000. City A has a mix of HQTA and non-HQTA areas. To calculate its share of the 75,000 regional units, the methodology looks at City A’s population within its HQTA areas and determines its share of the regional population within HQTA areas. It is determined that City A has 0.37% of the regional population within an HQTA and will be assigned 274 in addition to its need determined by population share from Step 1a.

Existing need based on share of regional population	x	Share of regional population within HQTAs	=	City A Existing need based on share of regional population within HQTAs
75,000	x	0.37%	=	274

SCAG existing need based on population share within HQTAs	x	Share of regional population within HQTAs	=	City B Existing need based on share of regional population within HQTAs
75,000	x	0.00%	=	0

Jurisdictions throughout the SCAG region vary in the population they have that are within HQTAs. Some, such as City B, have no HQTAs at all while others have 100 percent of their population residing within an HQTAs. Jurisdiction-specific information about HQTAs can be found online on SCAG’s Open Data platform at: <http://gisdata-scag.opendata.arcgis.com/>. As part of the final version of the proposed RHNA methodology, provided that HQTAs will be used as part of the methodology, SCAG staff will provide data about HQTAs for each jurisdiction.

To determine a jurisdiction’s existing housing need steps 1a and 1b are combined.

Step 1a: Existing need based on population share	+	Step 1b: Existing need based on share of regional population within HQTAs	=	City A Existing need
606	+	274	=	880

Step 1a: Existing need based on population share	+	Step 1b: Existing need based on share of regional population within HQTAs	=	City B Existing need
606	+	0	=	606

From step 1, City A has an existing housing need of 880 and City B has an existing need of 606. Although the jurisdictions have the same population size, their existing need difference is based on the prevalence, or lack of, HQTAs within their respective cities.

There were several suggestions provided on the basis of using population share and population share within HQTAs at the RHNA Subcommittee and TWG meetings. One comment requested that existing need be distributed based on factors that HCD will use in determining regional existing need, particularly overcrowding, cost-burdened households (those that pay more than 30 percent of household income on housing), and vacancy rates. The assumed reasoning is that these particular conditions are the main contributors to the regional existing need and should be assigned

to where these problems occur. Another comment requested that SCAG staff analyze building permit data alongside existing need indicators to determine existing housing need.

In order to explore any trends and patterns of these possible factors, SCAG staff looked at four main factors: 1) single family permits issued (2006-2018), 2) multi-family permits (2006-2018), 3) overcrowding, and 4) cost-burdened households. To ensure that adequate comparisons, SCAG staff calculated a ratio of these factors per 1,000 population for building permits issued and per 1,000 households for overcrowding and cost-burdened households. The period for permit data was chosen to cover the last two RHNA cycles, which are 2006-2014 (4<sup>th</sup> cycle) and 2013-2017 (within 5<sup>th</sup> cycle 2013-2021). The attached excel sheet to this report provides these ratios for each SCAG jurisdiction.

The red highlighted cells of the attachment signify that the jurisdiction is above or below the average calculated for the region. For permits issued, jurisdictions highlighted in red have issued fewer permits than the regional average. For the overcrowding and cost-burdened ratios, highlighted jurisdictions have a higher rate than the regional average. A highlighted cell thus indicates that for that indicator of existing need, the jurisdiction has more pronounced problem than the average for the region.

Upon review of the four indicators, there is not a single trend for the entire region. Some jurisdictions have more indicators that are beyond the regional average than others and others have none at all. The conditions of jurisdictions experiencing these indicators are also different from each other. For example, there are a number of jurisdictions that have a lower than average permitting rate for single family units and multi-family units, and have a higher than average cost-burdened problem but not an overcrowding problem. These jurisdictions however, are dissimilar in demographics and geography. Some are urbanized low income areas while others are suburban higher income areas. Others have permitted higher than multi-family units and have higher than average cost-burdened households but are higher income while some jurisdictions with the same existing need indicators are lower income.

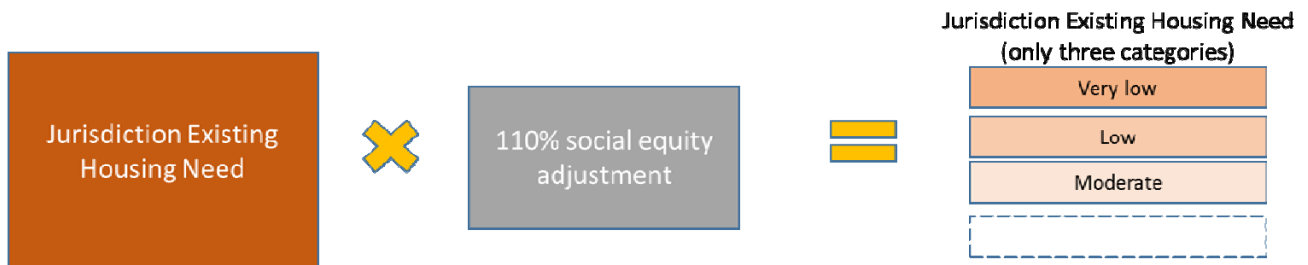
There are myriad of reasons for each of these conditions and the data table of existing need indicators do not point to a sole trend to use for existing need methodology. Perhaps some jurisdictions experience a high number of cost-burdened households due to the premium added for being in a highly desirable location while in lower income areas the cost of housing may be relatively high due to lower household incomes. Jurisdictions that permit units below the regional average may be causing a cross-jurisdictional problem and contributing to overcrowding conditions within their subregion, despite neighboring jurisdictions issuing permits more than the regional average.

The lack of a single trend suggests that existing need indicators such as overcrowding and cost-burdened households viewed at the jurisdictional level may be a symptom of the housing crisis rather than a cause. Moreover, the consequences of a low permitting rate are not confined to jurisdictional boundaries and might not illustrate the full picture of existing housing need. For these

reasons, SCAG staff continues to recommend a regional approach to distributing existing housing need.

However, the methodology should not completely ignore areas where existing need indicators are. Assigning a certain percentage of existing need to HQTAs addresses these indicators since overcrowding conditions and overpaying households tend to overlap in HQTA areas, particularly for lower income households, and thus existing need is assigned to areas that already generate this need. Distributing 30 percent of existing need acknowledges that these areas do need housing and can link SCAG’s regional transportation efforts to increase transit accessibility for households of all income levels. Distributing 70 percent of existing need to the entire SCAG region acknowledges that that the housing crisis is a collective problem that requires a collective solution, and that sharing the responsibility of housing planning is not confined to jurisdictional boundaries.

Step 1c: Social Equity Adjustment for Existing Need



The next step is to calculate income categories for existing housing need and by income category. Based on input received at the RHNA Subcommittee and TWG meetings, SCAG staff is proposing that a 110 percent adjustment be applied to existing housing need rather than the 150 percent that is applied to the projected housing need. Additionally, it is proposed that the existing housing need be categorized into three, instead of four income categories: very low, low, and moderate income. Above moderate need is then redistributed to the three remaining categories while maintaining their current proportions.

While approximately 43 percent of all SCAG households live within an HQTA, lower income households tend to live within an HQTA while higher income households tend to live in non-HQTA areas. For example, in Los Angeles County 63 percent of all households live within an HQTA, with 72 percent of the County’s very low income households living within an HQTA while only 56 percent of above moderate income households do. In San Bernardino County, 9 percent of households live within an HQTA, with 11 percent of its very low income households living within an HQTA while only 6 percent of above moderate households live in HQTAs. The pattern of disparity among the income levels means that assigning any RHNA need based on HQTAs will result in a disproportionate impact to areas that have a high concentration of lower income households and

possibly perpetuate segregation patterns based on income and indirectly race.<sup>1</sup> For this reason, SCAG staff recommends an income adjustment of 110 percent in order to mitigate an overconcentration of income groups while acknowledging that the existing need is essential in areas with existing need indicators.

At the same time, the conditions of overcrowding and cost-burdened have disproportionate impacts on lower income households. For example, a lower income household paying 40 percent of their income on housing has less remaining income available for other costs than that of a higher income household that spends the same percentage on housing. The lower the income of the household the more impact overpaying on household costs becomes. In addition, past RHNA progress reports indicated that the RHNA target for above moderate income housing has been met while not for the other three income categories: very low, low and moderate. For this reason, SCAG recommends that existing need focus on three income categories and exclude above moderate income housing from a jurisdiction's existing need.

For reference, below is the median household income by county. State law requires that the mitigation of overconcentration of income categories be compared to the county distribution rather than the regional distribution.

- Imperial County: \$44,779
- Orange County: \$61,015
- Los Angeles County: \$81,851
- Riverside County: \$60,807
- San Bernardino County: \$57,156
- Ventura County: \$81,972
- SCAG region: \$64,114

The four RHNA income categories are very low (50 percent or less of the county median income), low (50-80 percent), moderate (80 to 120 percent), and above moderate (120 percent and above). However, one of the State housing law goals specifically require that the proposed RHNA methodology allocate a lower proportion of housing need in jurisdictions that already have a disproportionately high concentration of those households in comparison to the county distribution.

A social equity adjustment approach compares a jurisdiction's distribution for each income category to the county distribution and then makes an adjustment to each category distribution to the jurisdiction. If the adjustment was 100 percent a jurisdiction's distribution would be exactly the same as the County's distribution. Conceptually a 110 percent adjustment means that the City meets the County distribution and goes beyond that threshold by 10 percent, resulting in a higher or lower distribution than the County depending on what existing conditions are in the City.

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<sup>1</sup> While not a formal part of this analysis to recommend a proposed RHNA methodology, there are numerous social equity and environmental justice studies and data available that correlate areas of lower income households with racial minorities and other protected groups under the federal Fair Housing Act.

Income category	City A existing household income distribution	County X existing housing distribution/ 100% adjustment	110% adjustment
Very low	30.1%	25.3%	24.8%
Low	23.2%	15.6%	14.8%
Moderate	17.6%	16.8%	16.7%
Above moderate	29.1%	42.3%	43.6%

Household Income Level	Formula to Calculate City A Social Equity Adjustment of 110%
Very Low Income	$30.1\% - [(30.1\% - 25.3\%) \times 110\%] = 24.8\%$
Low Income	$23.2\% - [(23.2\% - 15.6\%) \times 110\%] = 14.8\%$
Moderate Income	$17.6\% + [(16.8\% - 17.6\%) \times 110\%] = 16.7\%$
Above Moderate Income	$29.1\% + [(42.3\% - 29.1\%) \times 110\%] = 43.6\%$

The table above illustrates that based on its existing household income distribution, City A has a higher concentration of lower income households in comparison to County X, and has a lower concentration of higher income households in comparison to the county distribution. For reference, SCAG applied a 110 percent adjustment for both the 4<sup>th</sup> and 5<sup>th</sup> RHNA cycles, though that was the only factor used to affect the distribution of regional housing need in the adopted RHNA methodology.

The same mechanism is then applied to City B. The adjustment results in a different trend since City B has a lower concentration of low income households in comparison to County Y, so it is required to do a higher percentage of low income households than the county after adjustment.

Income category	City B existing household income distribution	County Y existing housing distribution/ 100% adjustment	110% adjustment
Very low	15.8%	23.7%	24.5%
Low	12.2%	16.5%	16.9%
Moderate	16.8%	18.3%	18.5%
Above moderate	55.2%	41.5%	40.1%

To determine three income categories and maintain the same total existing need, the above moderate income category is redistributed back to the three remaining income categories while retaining the same proportions.

City A Income Distribution	Very low	Low	Moderate	Above moderate	Total
Current distribution	30.1%	23.2%	17.6%	29.1%	100%
After 110% adjustment	24.8%	14.8%	16.7%	43.6%	100%
After 110% adjustment and 3 categories	44.0%	26.3%	29.7%	--	100%

City B Income Distribution	Very low	Low	Moderate	Above moderate	Total
Current distribution	15.8%	12.2%	16.8%	55.2%	100%
After 110% adjustment	24.5%	16.9%	18.5%	40.1%	100%
After 110% adjustment and 3 categories	40.9%	28.3%	30.8%	--	100%

The readjusted category percentages are applied to the total existing need to determine the units for each category.

Existing housing need	City A RHNA allocation (units)	City B RHNA allocation (units)
Very low	360	267
Low	249	160
Moderate	271	180
Above moderate	--	--
Total	880	606

This approach of excluding above moderate income housing and applying a 110 percent adjustment is a different approach than initially reviewed by SCAG staff at the May 6 RHNA Subcommittee meeting. The previous approach suggested that a 150 percent adjustment be applied to both the existing and projected need to determine all four categories. However, based on feedback received



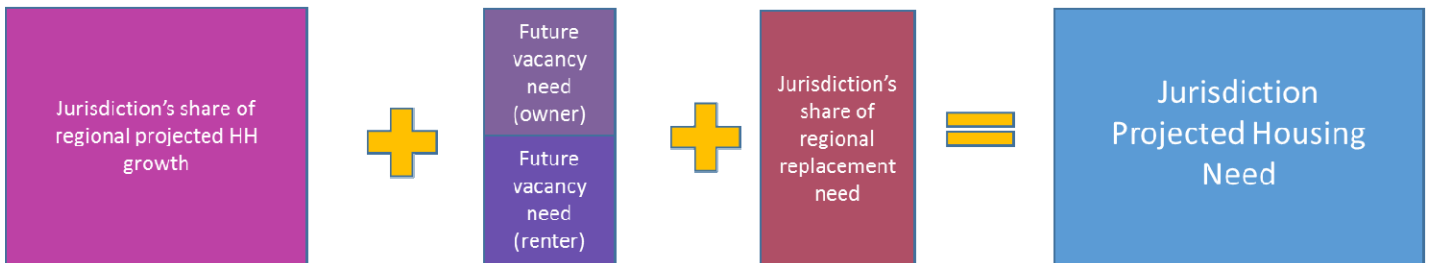
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from the Subcommittee and TWG, SCAG staff recommends that existing need be calculated differently than projected need.

A social equity adjustment that is lower than that used for projected need acknowledges that while there is a goal to mitigate the overconcentration of income categories, there is still need for affordable housing in communities that currently have a high concentration of lower income households. The need for assigning existing housing need to lower income categories also works towards this balance by removing market rate housing since indicators of existing housing need, such as overcrowding and cost-burdened households, tend to impact lower income households more than high income households.

**Step 2: Projected Housing Need**

The next step is to determine a jurisdiction’s projected need.



To determine a jurisdiction’s projected need, SCAG staff recommends a three-step process:

- a. Determine the jurisdiction’s share of regional projected household growth based on local input
- b. Determine future vacancy need based on a jurisdiction’s existing composition of owner and renter households and apply a vacancy rate on projected household growth based on the following:
  - a. Apply a 1.5% vacancy need for owner households
  - b. Apply a 5.0% vacancy need for renter households
- c. Determine a jurisdiction’s share of regional replacement need based on replacement need survey results

**Step 2a: Projected Household Growth**

Between October 2017 and October 2018, SCAG staff conducted the Bottoms-up Local Input and Envisioning process, which was an extensive outreach effort that surveyed each SCAG jurisdiction on population, household, and employment growth, among other local policies and plans to help inform the Connect SoCal and other regional plans such as RHNA. SCAG staff met with all 197 jurisdictions within the region and collected input and data on growth throughout the process.

Based on the input received on household growth, SCAG recommends assigning projected household growth based on a jurisdiction’s share of regional household growth. The regional projected household growth will be determined as part of the regional determination process with HCD. For purposes of illustration, this report assumes that the regional household growth is determined to be 425,000. Using local input submitted by City A and City B, the share of regional household growth for the jurisdictions is calculated and applied to the regional household growth.

Regional household growth	x	Share of regional household growth	=	City A household growth
425,000	x	0.12%	=	498

Regional household growth	x	Share of regional household growth	=	City B household growth
425,000	x	0.31%	=	1,324

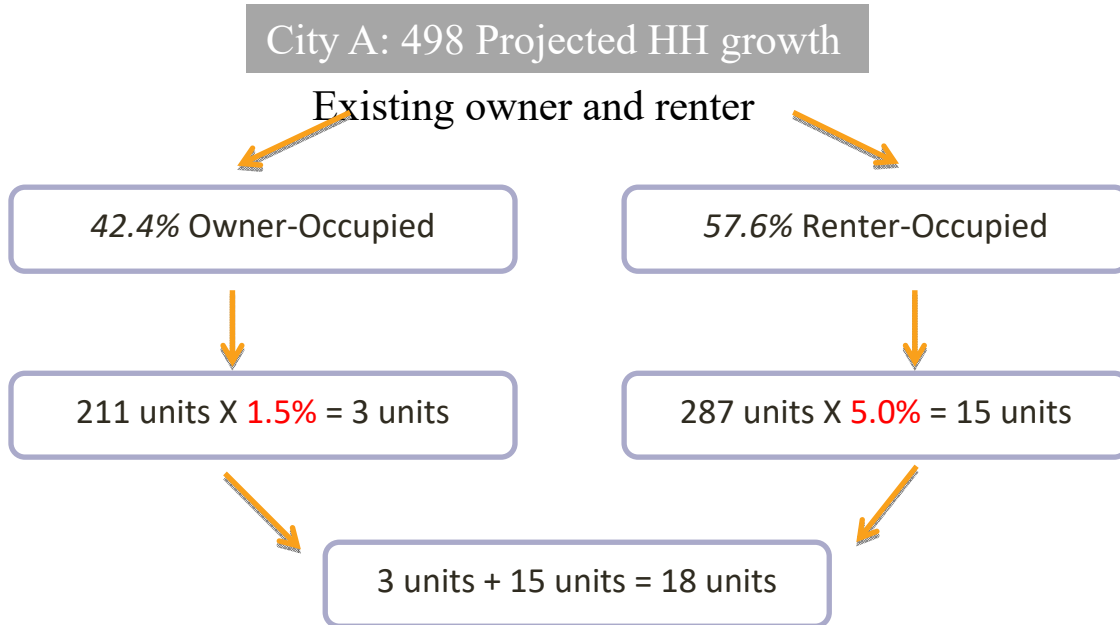
While the jurisdictions have the same population, they have reported different responses in household growth over the same time period. This can be due to different reasons, including varying market conditions, demand, and building activity. Moreover the household growth indicated by jurisdictions does not include anticipated income levels of reported future households and the projected growth reported from jurisdictions may vary by socioeconomic indicators.

Step 2b: Future Vacancy Need

The purpose of a future vacancy need is to ensure that there is enough vacant units to support projected household growth. An undersupply of vacant units can prevent new households from forming or moving into a jurisdiction. Formulaically, future vacancy need is a percentage applied to the jurisdiction’s household growth by tenure (owner and renter households).

To calculate a jurisdiction’s future vacancy need, its proportion of owner-occupied units and renter-occupied units are determined using American Community Survey (ACS) 2013-2017 data. The percentages are then applied to the jurisdiction’s projected household growth from the previous step, which results in the number of projected households that are predicted to owners and those that are predicted to be renters.

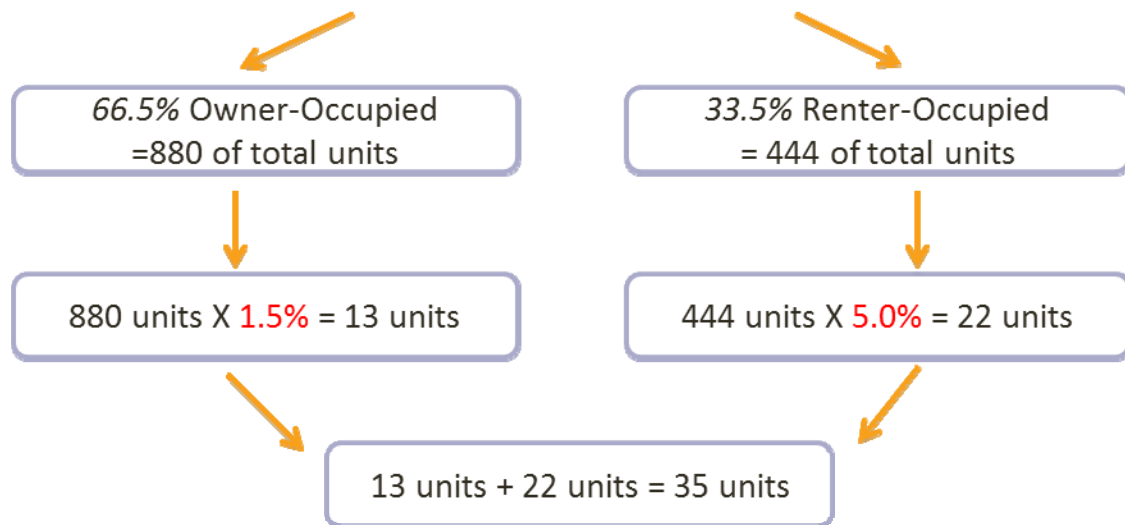
Next, two different vacancy rates are applied. SCAG staff recommends using the same percentages applied in the regional determination provided by HCD. Because the final vacancy rates used in the regional determination will not be determined until mid-to late Summer 2019 at the earliest, SCAG will adjust the two percentages in the proposed methodology after HCD assigns the regional determination. Currently SCAG proposes using an owner-occupied units rate of 1.5 percent while using a rate of 5 percent for renter-occupied units. The difference is due to the higher rates of turnover generally reported by renter units in comparison to owner-occupied units. Additionally, recent State legislation requires that renter units have a minimum vacancy rate of 5 percent.



For City A, there are noticeably more renter-occupied households (57.6%) in comparison to owner-occupied households (42.4%). These percentages are applied to the household growth to indicate that of that projected growth, 211 are likely to be owners and 287 will be renters. For the 211 owner-occupied households, there will need to be a vacancy rate of 1.5 percent, or 3 units, to support household growth. For the 287 renter-occupied households, there will need to be a vacancy rate of 5 percent, or 15 units, to support household growth. These subtotals by tenure are then added together to determine City A’s future vacancy need, 18 units.

The same process is applied to City B. Based on this methodology, City B’s future vacancy need is 35 units.

**City B: 1,324 Projected HH growth**  
**Existing owner and renter**



Step 2c: Replacement Need

Residential units are demolished for a variety of reasons, including natural disasters, fire, or desires to construct entirely new residences. Each time a unit is demolished, a household is displaced and disrupts the jurisdiction’s pattern of projected household growth. The household may choose to live in a vacant unit or leave the jurisdiction, of which both scenarios result in negative household growth through the loss of a vacant unit for a new household or subtracting from the jurisdictions number of households.

For these reasons, replacement need is a required component of the regional determination provided by HCD. SCAG staff recommends that replacement need be calculated using a jurisdiction’s share of the regional replacement need based on data submitted for the replacement need survey, which was conducted between March and April 2019.

Each jurisdiction’s share of historical demolitions between reporting years 2008 and 2018, which was collected from the California Department of Finance (DOF), was tabulated and provided to jurisdictions in the replacement need survey. Jurisdictions were asked to provide data on units that replaced the reported demolished units and units lost due to site zoning changes to non-residential uses. A net replacement need was determined based on this information for each jurisdiction and each jurisdiction’s share of the net regional replacement need was calculated.

Once SCAG receives its regional determination from HCD, SCAG will be able to apply these percentage shares to each jurisdiction. For illustrative purposes for this report, the replacement need for the region is 5,000 units. Based on their submitted surveys, City A has a net share of 0.48% of the regional replacement need while City B has indicated every demolished unit was replaced, resulting in a 0.0% share. This results in a replacement need of 24 units for City A and 0 units for City B.

Regional Replacement Need	x	Share of regional net replacement need	=	City A replacement need
5,000	x	0.48%	=	24

Regional Replacement Need	x	Share of regional net replacement need	=	City B replacement need
5,000	x	0.00%	=	0

After determining each of the projected housing need components, they are combined to determine a jurisdiction’s projected housing need.

Projected HH growth	+	Future vacancy need	+	Replacement need	=	City A projected housing need
498	+	18	+	24	=	540

Projected HH growth	+	Future vacancy need	+	Replacement need	=	City B projected housing need
1,324	+	35	+	0	=	1,359

The next step is to separate projected housing need into four income categories. To avoid perpetuating historical patterns of segregation in consideration of AFFH, SCAG staff recommends a 150 percent social equity adjustment to projected housing need.



Similar to step 1c, the existing household income distribution is compared to the county distribution and then modified. A 150 percent adjustment results in a noticeably higher difference in income categories for City and City B in comparison to their respective county distributions than a 110 percent adjustment.

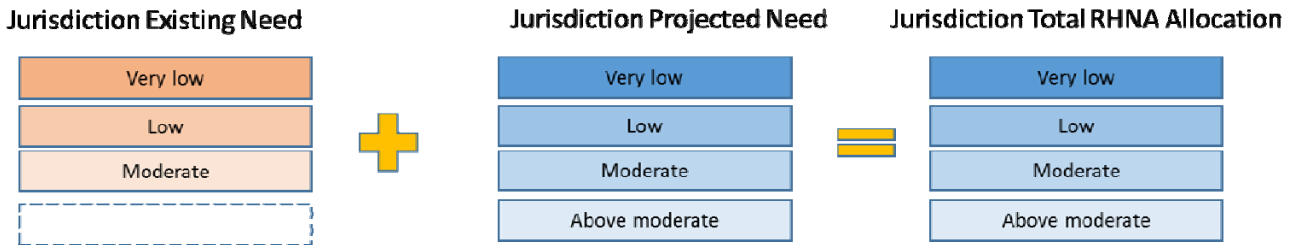
Income category	City A existing household income distribution	County X existing housing distribution/ 100% adjustment	150% adjustment
Very low	30.1%	25.3%	22.9%
Low	23.2%	15.6%	11.8%
Moderate	17.6%	16.8%	16.4%
Above moderate	29.1%	42.3%	48.9%

Income category	City B existing household income distribution	County Y existing housing distribution/ 100% adjustment	150% adjustment
Very low	15.8%	23.7%	27.7%
Low	12.2%	16.5%	18.6%
Moderate	16.8%	18.3%	19.1%
Above moderate	55.2%	41.5%	34.6%

The readjusted category percentages are applied to the total existing need to determine the units for each category.

Projected housing need	City A RHNA allocation (units)	City B RHNA allocation (units)
Very low	124	376
Low	64	253
Moderate	89	259
Above moderate	264	471
Total	540	1,359

**Step 3: Total RHNA Allocation**



The final step in determining a jurisdiction’s total RHNA allocation by income category. This is completed by combining the income categories as determined by step 1 and 2.

City A	Very low	Low	Moderate	Above	Total
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				moderate	
Existing need	360	249	271	--	880
Projected need	124	64	89	264	540
Total RHNA	484	312	360	264	1,420

City B	Very low	Low	Moderate	Above moderate	Total
Existing need	267	160	180	--	606
Projected need	376	253	259	471	1,359
Total RHNA	643	413	439	471	1,965

Total RHNA Allocation (units)	Very low	Low	Moderate	Above moderate	Total
City A	484	312	360	264	1,420
City B	643	413	439	471	1,965

The Case for a Different Methodology

The proposed methodology illustrated in this staff report is a departure from past RHNA cycle methodologies. Prior RHNA cycles focused mainly on projected housing need, however due to market conditions and the recognition of the housing crisis at the State level, the 6<sup>th</sup> RHNA cycle places a heavier emphasis on existing housing need and the need to not simply choose “business as usual.”

Existing housing need is an accumulation of decades of the underproduction of housing and it would be impossible to pinpoint a single or few jurisdictions that would have single-handedly caused existing housing need. Overcrowded and cost-burdened household indicators applied at the jurisdictional level are a symptom of the housing crisis and are not its causes while at the regional level, these indicators reflect an overall need. Moreover, these indicators are not confined to jurisdictional boundaries and each jurisdiction may be experiencing different levels of these indicators, all with different underlying factors. It would be impossible to determine the level of cause and effect at each jurisdictional level using existing need indicators as the direct basis for determining existing housing need.

On the other hand, an HQTAL linkage supports a more efficient development pattern that prior RHNA cycles have not adequately addressed, particularly for access to jobs. Including transit proximity as a factor in existing housing need does not adversely impact AFFH and at the same time acknowledges that there is still some level of affordable housing need in areas that have high rates of existing need indicators. For these reasons, SCAG staff recommends that this collective problem be addressed with a collective solution.



Additionally, SCAG staff recommends to continue the integrity of the local input process and to use input from jurisdictions on household growth as the basis for projected need. To ensure that historical patterns of segregation are not perpetuated and to promote social equity, a 150 percent social equity adjustment is recommended to projected housing need.

Certainly this recommended methodology is a break from the past, but the past has relied on modest approaches that have not been able to prevent a housing crisis. There is a myriad of ways to develop a methodology and applying different factors may result in a different RHNA allocation to the example jurisdictions in this staff report. Based on a review of these factors and input received, SCAG staff has concluded that its recommended methodology for existing housing need distribution, projected housing need distribution, and application of a social equity adjustment meets the goals of State housing law and can be applied in a fair, transparent, and equitable manner across the region.

#### Next Steps

Based on further input and direction from the RHNA Subcommittee, SCAG staff will provide a proposed RHNA methodology, which will include mechanisms for existing and projected need and social equity adjustments, at the July 1, 2019 in preparation for release for public comment. The proposed RHNA methodology will also include results from the RHNA methodology local planning factors and AFFH surveys submitted by jurisdictions, along with other information as required by State housing law. SCAG staff will also present on the proposed methodology to the Community, Economic & Human Development Committee at its August 2019 meeting.

At least one hearing on the proposed RHNA methodology will be held in August or September 2019. Subsequent to the public comment period, the RHNA Subcommittee will recommend approval of the proposed methodology for submittal to HCD by October 2019.

#### **FISCAL IMPACT:**

Work associated with this item is included in the current FY 18-19 General Fund Budget (800.0160.03: RHNA).

#### **ATTACHMENT(S):**

1. Existing Need Indicator Ratios by Jurisdiction
2. Map Cost Burdened Per 1000
3. Map MFU Per 1000 Year
4. Map Overcrowding Per 1000
5. Map SFU Per 1000 Year
6. PowerPoint Presentation: RHNA Distribution Methodology

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County	Subregion	City	2018 pop	2017 HH	Single family permits issued per 1,000 population (2006-2018)	Multi-family permits issued per 1,000 population (2006-2018)	Overcrowding households per 1,000 households	Cost-burdened households per 1,000 households
Imperial	ICTC/IVAG	Brawley city	27,417	7,056	20.8	12.1	99.3	375.0
Imperial	ICTC/IVAG	Calexico city	41,199	9,180	8.0	8.0	127.2	464.6
Imperial	ICTC/IVAG	Calipatria city	7,488	947	4.3	9.6	121.4	408.7
Imperial	ICTC/IVAG	EI Centro city	46,315	11,881	6.3	10.8	118.8	399.6
Imperial	ICTC/IVAG	Holtville city	6,501	1,627	4.6	0.0	132.1	378.0
Imperial	ICTC/IVAG	Imperial city	19,372	4,465	111.0	3.1	67.4	245.2
Imperial	ICTC/IVAG	Westmorland city	2,325	613	8.2	0.0	120.7	399.7
Los Angeles	Las Virgene	Agoura Hills city	20,878	7,338	3.9	1.1	16.8	406.9
Los Angeles	SGVCOG	Alhambra city	86,665	29,179	2.1	10.5	125.4	448.3
Los Angeles	SGVCOG	Arcadia city	57,704	19,442	21.2	9.2	35.2	381.0
Los Angeles	GCCOG	Artesia city	16,792	4,517	3.6	8.6	136.6	417.8
Los Angeles	GCCOG	Avalon city	3,867	1,358	3.9	0.5	167.2	473.5
Los Angeles	SGVCOG	Azusa city	49,954	12,495	20.1	11.2	132.5	466.7
Los Angeles	SGVCOG	Baldwin Park city	76,708	17,678	5.0	0.6	206.0	455.9
Los Angeles	GCCOG	Bell city	36,325	8,921	1.6	1.9	253.7	557.0
Los Angeles	GCCOG	Bell Gardens city	43,051	9,659	3.1	5.3	337.0	606.4
Los Angeles	GCCOG	Bellflower city	77,682	23,359	4.4	2.9	141.1	484.0
Los Angeles	WCCOG	Beverly Hills city	34,504	14,902	11.7	13.8	26.9	465.5
Los Angeles	SGVCOG	Bradbury city	1,069	314	51.4	0.0	0.0	343.9
Los Angeles	Arroyo Verd	Burbank city	107,149	41,664	2.7	11.9	52.0	455.1
Los Angeles	Las Virgene	Calabasas city	24,296	8,904	4.6	10.8	8.0	484.2
Los Angeles	SBCCOG	Carson city	93,799	25,381	2.4	9.5	104.4	368.3
Los Angeles	GCCOG	Cerritos city	50,058	15,541	1.7	13.7	47.1	328.5
Los Angeles	SGVCOG	Claremont city	36,446	11,620	10.1	10.8	20.7	367.9
Los Angeles	GCCOG	Commerce city	13,067	3,589	2.7	0.2	159.9	455.0
Los Angeles	GCCOG	Compton city	99,872	23,657	3.4	0.8	220.1	522.4
Los Angeles	SGVCOG	Covina city	49,006	15,193	2.0	3.6	60.0	416.2
Los Angeles	GCCOG	Cudahy city	24,343	5,543	0.4	0.0	315.5	576.6
Los Angeles	WCCOG	Culver City city	39,860	16,543	3.6	11.0	55.2	391.9
Los Angeles	SGVCOG	Diamond Bar city	57,460	17,810	8.4	0.2	26.2	365.5
Los Angeles	GCCOG	Downey city	114,146	32,696	3.8	0.2	122.3	452.9
Los Angeles	SGVCOG	Duarte city	22,013	6,980	4.8	3.6	86.0	413.5
Los Angeles	SGVCOG	El Monte city	117,204	29,550	4.4	7.0	202.0	528.4
Los Angeles	SBCCOG	El Segundo city	16,784	6,638	12.7	2.6	36.0	337.5
Los Angeles	SBCCOG	Gardena city	61,246	20,649	6.2	2.3	94.0	475.2
Los Angeles	Arroyo Verd	Glendale city	205,536	72,738	1.1	22.5	78.5	516.7
Los Angeles	SGVCOG	Glendora city	52,703	17,080	6.7	19.6	36.2	355.7
Los Angeles	GCCOG	Hawaiian Gardens city	14,666	3,875	1.6	0.8	202.8	540.6
Los Angeles	SBCCOG	Hawthorne city	88,772	29,488	4.8	10.1	180.3	514.5
Los Angeles	SBCCOG	Hermosa Beach city	19,673	9,158	25.1	3.2	11.0	296.7
Los Angeles	Las Virgene	Hidden Hills city	1,892	551	28.5	0.0	7.3	428.3
Los Angeles	GCCOG	Huntington Park city	59,473	14,462	0.3	0.2	354.7	598.2
Los Angeles	SGVCOG	Industry city	437	79	16.0	4.6	164.6	151.9
Los Angeles	SBCCOG	Inglewood city	113,559	36,481	1.5	3.4	119.2	532.8
Los Angeles	SGVCOG	Irwindale city	1,450	374	18.6	0.0	50.8	473.3
Los Angeles	Arroyo Verd	La Cañada Flintridge city	20,683	6,582	7.9	0.1	17.6	361.4
Los Angeles	GCCOG	La Habra Heights city	5,454	1,836	8.3	0.0	35.4	331.7
Los Angeles	SGVCOG	La Mirada city	49,590	14,371	1.7	0.0	87.9	349.5
Los Angeles	GCCOG	La Puente city	40,686	8,998	3.4	3.6	215.6	434.3
Los Angeles	North Los A	La Verne city	33,260	11,236	6.2	16.4	30.0	346.4
Los Angeles	GCCOG	Lakewood city	81,179	25,957	0.9	1.5	53.3	372.1
Los Angeles	SGVCOG	Lancaster city	161,485	48,124	26.2	3.7	38.2	412.0
Los Angeles	SBCCOG	Lawndale city	33,607	9,875	2.9	1.1	163.0	518.5
Los Angeles	SBCCOG	Lomita city	20,715	8,070	6.6	1.5	68.2	410.7
Los Angeles	GCCOG	Long Beach city	478,561	165,001	1.7	5.9	125.6	451.7
Los Angeles	City of Los	Los Angeles city	4,054,400	1,364,227	4.7	28.9	134.2	514.1
Los Angeles	GCCOG	Lynwood city	72,015	15,333	2.2	1.8	269.4	575.6
Los Angeles	Las Virgene	Malibu city	12,957	5,499	18.4	0.0	19.1	361.5

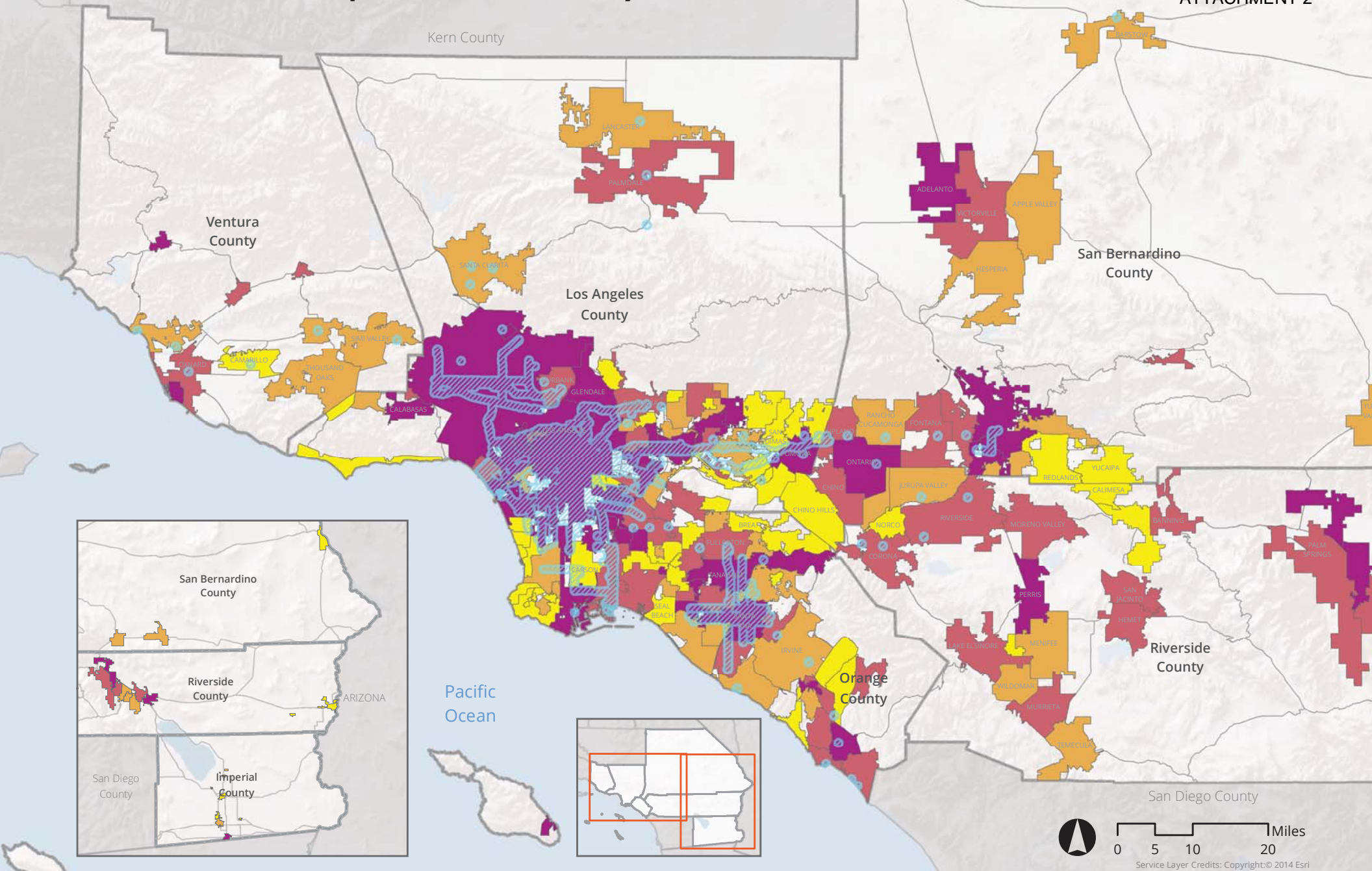
County	Subregion	City	2018 pop	2017 HH	Single family permits issued per 1,000 population (2006-2018)	Multi-family permits issued per 1,000 population (2006-2018)	Overcrowding households per 1,000 households	Cost-burdened households per 1,000 households
Los Angeles	SBCCOG	Manhattan Beach city	35,991	13,529	29.8	2.0	18.5	300.5
Los Angeles	GCCOG	Maywood city	28,044	6,629	1.5	0.7	354.4	579.9
Los Angeles	SGVCOG	Monrovia city	38,787	13,000	4.5	6.1	44.3	425.0
Los Angeles	SGVCOG	Montebello city	64,327	19,844	2.8	2.9	113.7	476.0
Los Angeles	SGVCOG	Monterey Park city	62,240	19,728	5.7	3.6	106.5	463.8
Los Angeles	GCCOG	North Los Angeles city	107,546	27,238	0.7	0.5	178.1	442.2
Los Angeles	North Los Angeles	Palmdale city	158,905	44,075	22.0	6.1	85.7	452.3
Los Angeles	SBCCOG	Palos Verdes Estates city	13,519	4,757	14.0	0.0	8.6	295.4
Los Angeles	GCCOG	Paramount city	56,000	14,339	2.2	1.1	195.4	496.5
Los Angeles	SGVCOG	Pasadena city	144,388	54,734	3.3	25.1	57.5	441.6
Los Angeles	GCCOG	Pico Rivera city	64,260	17,027	2.2	0.2	135.6	411.3
Los Angeles	SGVCOG	Pomona city	155,687	38,869	5.6	5.2	177.8	480.6
Los Angeles	SBCCOG	Rancho Palos Verdes city	42,723	15,780	3.3	2.2	21.2	371.1
Los Angeles	SBCCOG	Redondo Beach city	68,677	27,820	17.5	3.6	19.4	378.3
Los Angeles	SBCCOG	Rolling Hills city	1,939	615	17.0	0.0	8.1	391.9
Los Angeles	SBCCOG	Rolling Hills Estates city	8,111	3,026	4.2	5.3	11.2	350.0
Los Angeles	SGVCOG	Rosemead city	55,267	14,671	6.1	3.7	188.9	476.9
Los Angeles	SGVCOG	San Dimas city	34,507	11,749	3.7	4.5	27.3	380.4
Los Angeles	City of Los Angeles	San Fernando city	24,602	6,249	4.7	3.0	169.0	471.8
Los Angeles	SGVCOG	San Gabriel city	40,920	12,239	7.2	4.3	105.4	461.3
Los Angeles	SGVCOG	San Marino city	13,272	4,515	8.2	0.2	19.0	344.4
Los Angeles	North Los Angeles	Santa Clarita city	216,589	67,914	12.6	2.3	60.9	408.7
Los Angeles	GCCOG	Santa Fe Springs city	18,335	5,078	14.7	16.9	123.1	433.8
Los Angeles	WCCOG	Santa Monica city	92,416	46,358	4.7	23.6	29.5	430.5
Los Angeles	SGVCOG	Sierra Madre city	10,986	4,441	1.1	0.0	20.0	328.1
Los Angeles	GCCOG	Signal Hill city	11,749	4,368	13.2	10.0	98.0	442.1
Los Angeles	SGVCOG	South El Monte city	20,882	5,304	10.9	0.3	186.5	507.9
Los Angeles	GCCOG	South Gate city	98,133	23,557	2.2	2.7	246.0	531.3
Los Angeles	SGVCOG	South Pasadena city	26,047	10,248	2.8	1.5	24.8	392.6
Los Angeles	SGVCOG	Temple City city	36,411	11,094	21.6	8.5	90.0	413.5
Los Angeles	SBCCOG	Torrance city	149,245	54,904	3.0	4.1	58.5	381.8
Los Angeles	GCCOG	Vernon city	209	30	0.0	215.3	100.0	200.0
Los Angeles	SGVCOG	Walnut city	30,457	9,081	16.0	0.0	22.1	368.2
Los Angeles	SGVCOG	West Covina city	108,245	30,752	3.2	4.9	75.1	418.2
Los Angeles	WCCOG	West Hollywood city	36,723	22,602	2.8	46.3	12.5	453.5
Los Angeles	Las Virgenes	Westlake Village city	8,358	3,363	1.7	0.0	5.9	372.9
Los Angeles	GCCOG	Whittier city	87,369	27,803	2.9	2.1	81.6	427.9
Orange	OCCOG	Aliso Viejo city	51,950	18,661	9.3	22.3	24.6	387.1
Orange	OCCOG	Anaheim city	357,084	100,280	2.4	21.9	154.3	479.5
Orange	OCCOG	Brea city	44,890	15,099	11.7	28.9	36.2	364.8
Orange	OCCOG	Buena Park city	83,995	23,118	9.8	3.0	118.0	444.3
Orange	OCCOG	Costa Mesa city	115,296	40,557	10.1	12.9	90.1	437.4
Orange	OCCOG	Cypress city	49,978	15,840	8.6	2.5	44.3	357.2
Orange	OCCOG	Dana Point city	34,071	14,616	11.9	3.8	16.4	449.7
Orange	OCCOG	Fountain Valley city	56,920	18,527	4.9	2.0	49.0	410.1
Orange	OCCOG	Fullerton city	144,214	45,476	3.4	10.9	92.2	452.5
Orange	OCCOG	Garden Grove city	176,896	47,536	2.6	5.2	145.9	454.9
Orange	OCCOG	Huntington Beach city	202,648	76,709	2.9	19.4	36.6	381.5
Orange	OCCOG	Irvine city	276,176	92,869	51.4	95.6	56.6	415.0
Orange	OCCOG	La Habra city	62,850	18,899	6.5	5.9	134.5	401.2
Orange	OCCOG	La Palma city	15,948	4,907	1.1	0.4	54.4	338.9
Orange	OCCOG	Laguna Beach city	23,309	10,485	13.2	0.9	14.3	375.7
Orange	OCCOG	Laguna Hills city	31,818	10,368	0.5	9.1	46.4	420.6
Orange	OCCOG	Laguna Niguel city	65,377	25,075	6.0	20.0	23.7	420.8
Orange	OCCOG	Laguna Woods city	16,597	11,251	0.1	8.1	2.0	484.6
Orange	OCCOG	Lake Forest city	84,845	27,965	21.6	8.2	49.4	374.3
Orange	OCCOG	Los Alamitos city	11,863	4,110	2.6	4.0	39.4	404.4
Orange	OCCOG	Mission Viejo city	95,987	33,833	2.0	1.1	17.3	358.5

County	Subregion	City	2018 pop	2017 HH	Single family permits issued per 1,000 population (2006-2018)	Multi-family permits issued per 1,000 population (2006-2018)	Overcrowding households per 1,000 households	Cost-burdened households per 1,000 households
Orange	OCCOG	Newport Beach city	87,182	37,971	16.6	17.5	14.4	398.4
Orange	OCCOG	Orange city	141,952	42,625	5.1	11.7	83.1	405.4
Orange	OCCOG	Placentia city	52,755	16,408	7.7	1.7	75.0	389.9
Orange	OCCOG	Rancho Santa Margarita city	49,329	17,339	1.3	0.9	25.1	431.6
Orange	OCCOG	San Clemente city	65,543	24,565	15.4	4.3	36.2	422.8
Orange	OCCOG	San Juan Capistrano city	36,759	12,229	18.5	2.1	65.3	472.3
Orange	OCCOG	Santa Ana city	338,247	75,980	3.0	6.7	315.1	498.7
Orange	OCCOG	Seal Beach city	25,984	12,452	4.4	0.2	11.3	269.4
Orange	OCCOG	Stanton city	39,470	10,926	8.9	0.2	182.8	500.9
Orange	OCCOG	Tustin city	82,344	26,185	16.4	17.3	111.2	457.1
Orange	OCCOG	Villa Park city	5,951	1,998	3.9	0.0	9.0	375.4
Orange	OCCOG	Westminster city	94,476	27,687	4.0	3.8	103.0	468.0
Orange	OCCOG	Yorba Linda city	69,121	21,972	25.7	4.3	20.6	359.1
Riverside	WRCOG	Banning city	31,282	10,861	2.5	0.1	56.2	441.8
Riverside	WRCOG	Beaumont city	48,237	13,227	143.2	1.0	38.2	367.9
Riverside	CVAG	Blythe city	19,389	5,091	6.7	0.3	64.6	332.2
Riverside	WRCOG	Calimesa city	8,876	3,339	54.5	0.0	30.2	309.7
Riverside	WRCOG	Canyon Lake city	11,018	4,055	9.3	0.0	9.4	378.1
Riverside	CVAG	Cathedral City city	54,791	17,888	9.7	1.5	86.6	479.4
Riverside	CVAG	Coachella city	45,635	12,943	36.6	3.4	87.5	572.0
Riverside	WRCOG	Corona city	168,574	49,953	6.4	16.4	62.2	453.1
Riverside	CVAG	Desert Hot Springs city	29,742	9,360	26.4	7.1	132.9	498.0
Riverside	WRCOG	Eastvale city	83,166	14,645	20.2	4.8	35.8	415.5
Riverside	WRCOG	Hemet city	5,574	29,726	76.1	10.2	61.4	451.9
Riverside	CVAG	Indian Wells city	87,883	2,727	68.4	3.7	2.6	394.2
Riverside	CVAG	Indio city	41,204	29,186	63.3	22.8	70.8	441.3
Riverside	WRCOG	Jurupa Valley city	63,365	25,170	85.1	8.0	157.9	411.8
Riverside	WRCOG	La Quinta city	207,629	15,166	15.7	12.0	34.8	382.9
Riverside	CVAG	Lake Elsinore city	113,541	16,538	12.0	10.4	90.6	425.6
Riverside	WRCOG	Menifee city	26,761	28,487	1.1	0.0	28.7	403.7
Riverside	WRCOG	Moreno Valley city	52,769	50,840	28.6	30.4	103.9	437.4
Riverside	WRCOG	Murrieta city	47,706	32,417	36.1	5.2	36.1	423.0
Riverside	WRCOG	Norco city	77,837	7,037	30.1	9.8	30.6	378.0
Riverside	CVAG	Palm Desert city	18,738	23,973	32.2	4.4	41.7	403.5
Riverside	CVAG	Palm Springs city	325,860	23,551	8.3	10.1	39.7	433.7
Riverside	WRCOG	Perris city	48,146	16,582	45.4	2.8	150.5	468.8
Riverside	CVAG	Rancho Mirage city	113,181	9,402	33.8	15.9	10.5	431.4
Riverside	WRCOG	Riverside city	36,287	90,974	19.5	8.6	94.2	422.0
Riverside	WRCOG	San Jacinto city	91,902	12,669	48.1	2.2	74.0	422.6
Riverside	WRCOG	Temecula city	64,855	33,644	39.5	0.5	31.9	388.2
Riverside	WRCOG	Wildomar city	106,054	9,935	10.6	0.4	58.6	386.0
San Bernardino	SBCTA/SB	Adelanto city	35,293	7,898	30.9	0.0	161.9	544.4
San Bernardino	SBCTA/SB	Apple Valley town	73,984	23,911	26.2	0.9	36.1	398.4
San Bernardino	SBCTA/SB	Barstow city	24,411	8,177	10.2	2.5	74.1	400.5
San Bernardino	SBCTA/SB	Big Bear Lake city	5,512	2,137	68.6	0.0	55.7	428.2
San Bernardino	SBCTA/SB	Chino city	86,757	19,706	54.6	24.6	65.6	418.6
San Bernardino	SBCTA/SB	Chino Hills city	83,159	24,091	14.8	18.1	39.5	371.5
San Bernardino	SBCTA/SB	Colton city	53,724	16,393	5.9	2.4	110.4	461.2
San Bernardino	SBCTA/SB	Fontana city	212,000	51,946	24.2	4.3	125.7	446.8
San Bernardino	SBCTA/SB	Grand Terrace city	12,524	4,260	12.7	12.5	31.7	413.6
San Bernardino	SBCTA/SB	Hesperia city	94,829	26,066	26.0	7.9	80.6	393.2
San Bernardino	SBCTA/SB	Highland city	54,761	15,785	9.0	0.0	95.6	409.2
San Bernardino	SBCTA/SB	Loma Linda city	23,946	8,686	14.1	11.7	41.0	418.0
San Bernardino	SBCTA/SB	Montclair city	39,326	10,392	9.9	15.1	132.7	456.5
San Bernardino	SBCTA/SB	Needles city	5,177	2,107	8.7	0.0	38.0	308.0
San Bernardino	SBCTA/SB	Ontario city	177,589	49,172	18.7	15.6	114.8	464.2
San Bernardino	SBCTA/SB	Rancho Cucamonga city	176,671	55,870	18.7	11.5	40.6	404.2
San Bernardino	SBCTA/SB	Redlands city	71,196	23,939	9.5	2.7	55.1	358.6

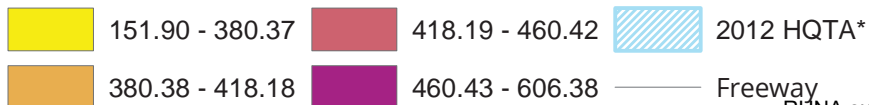
County	Subregion	City	2018 pop	2017 HH	Single family permits issued per 1,000 population (2006-2018)	Multi-family permits issued per 1,000 population (2006-2018)	Overcrowding households per 1,000 households	Cost-burdened households per 1,000 households
San Bernardino	SBCTA/SB	Rialto city	107,041	26,013	3.1	4.4	146.2	438.9
San Bernardino	SBCTA/SB	San Bernardino city	221,130	58,046	3.6	1.9	162.9	484.6
San Bernardino	SBCTA/SB	Twentynine Palms city	27,046	8,266	18.6	3.7	20.9	392.3
San Bernardino	SBCTA/SB	Upland city	77,017	27,116	6.3	4.2	56.4	420.7
San Bernardino	SBCTA/SB	Victorville city	123,701	32,629	46.4	9.2	95.1	446.2
San Bernardino	SBCTA/SB	Yucaipa city	54,651	18,038	12.3	4.8	49.6	361.5
San Bernardino	SBCTA/SB	Yucca Valley town	21,834	8,721	19.6	0.5	14.1	399.4
Ventura	VCOG	Camarillo city	68,741	24,640	12.2	20.2	23.1	376.4
Ventura	VCOG	Fillmore city	15,953	4,300	21.4	2.3	130.7	456.5
Ventura	VCOG	Moorpark city	37,044	11,178	29.5	3.3	38.6	385.8
Ventura	VCOG	Ojai city	7,679	2,928	7.8	0.9	5.5	469.6
Ventura	VCOG	Oxnard city	206,499	51,108	5.4	16.8	184.0	460.4
Ventura	VCOG	Port Hueneme city	23,929	6,565	2.8	1.8	94.1	464.7
Ventura	VCOG	San Buenaventura (Ventura) city	111,269	40,662	8.0	15.4	42.6	416.6
Ventura	VCOG	Santa Paula city	31,138	8,821	4.3	6.6	110.3	445.8
Ventura	VCOG	Simi Valley city	128,760	42,025	5.4	4.8	31.2	397.7
Ventura	VCOG	Thousand Oaks city	130,196	46,136	3.1	3.8	23.4	383.2
		Regional Average			14.1	8.0	85.2	421.4



# Cost-Burdened Households per 1000 Households by Jurisdiction



## Cost-Burdened Households per 1000 Households

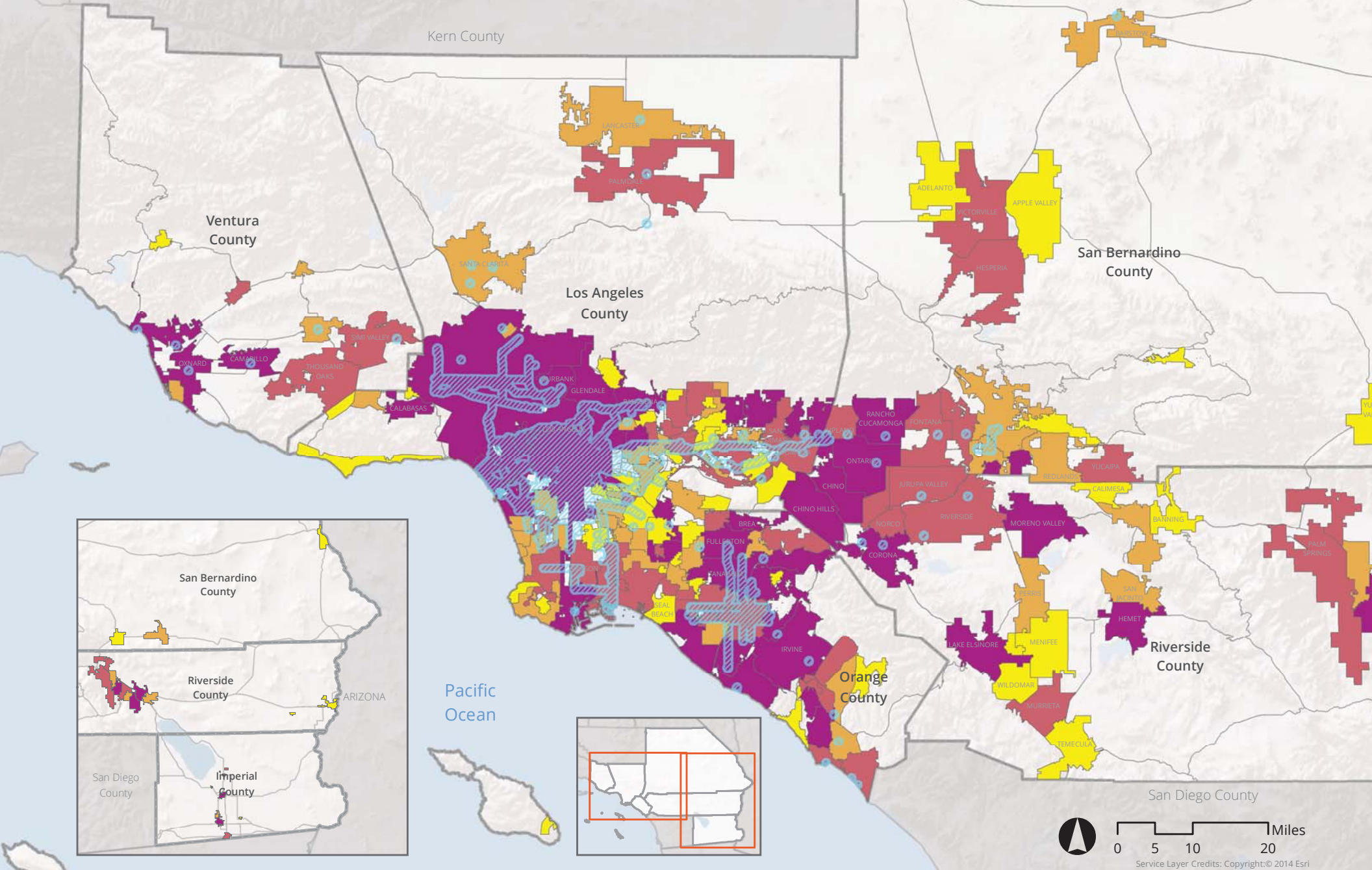


\*Note: The 2012 High Quality Transit Areas (HQTA) are extracted from 2012 base year data of the 2016-2040 RTP/SCS Amendment 2 and modified by inputs from transit operators and local jurisdictions. SCAG's HQTA is within one-half mile from Major Transit Stops and HQTCs and developed based on the language in SB375. Please note that this map may undergo changes as SCAG continues to update its transportation network as part of the 2020 RTP/SCS development process and SCAG shall not be responsible for local jurisdiction's use of this map. Updates to this information will be forthcoming as information becomes available.

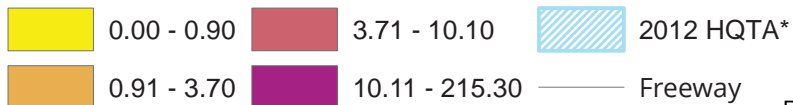
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# Multi-Family Units Permitted per 1000 Residents by Jurisdiction (2006-2018)



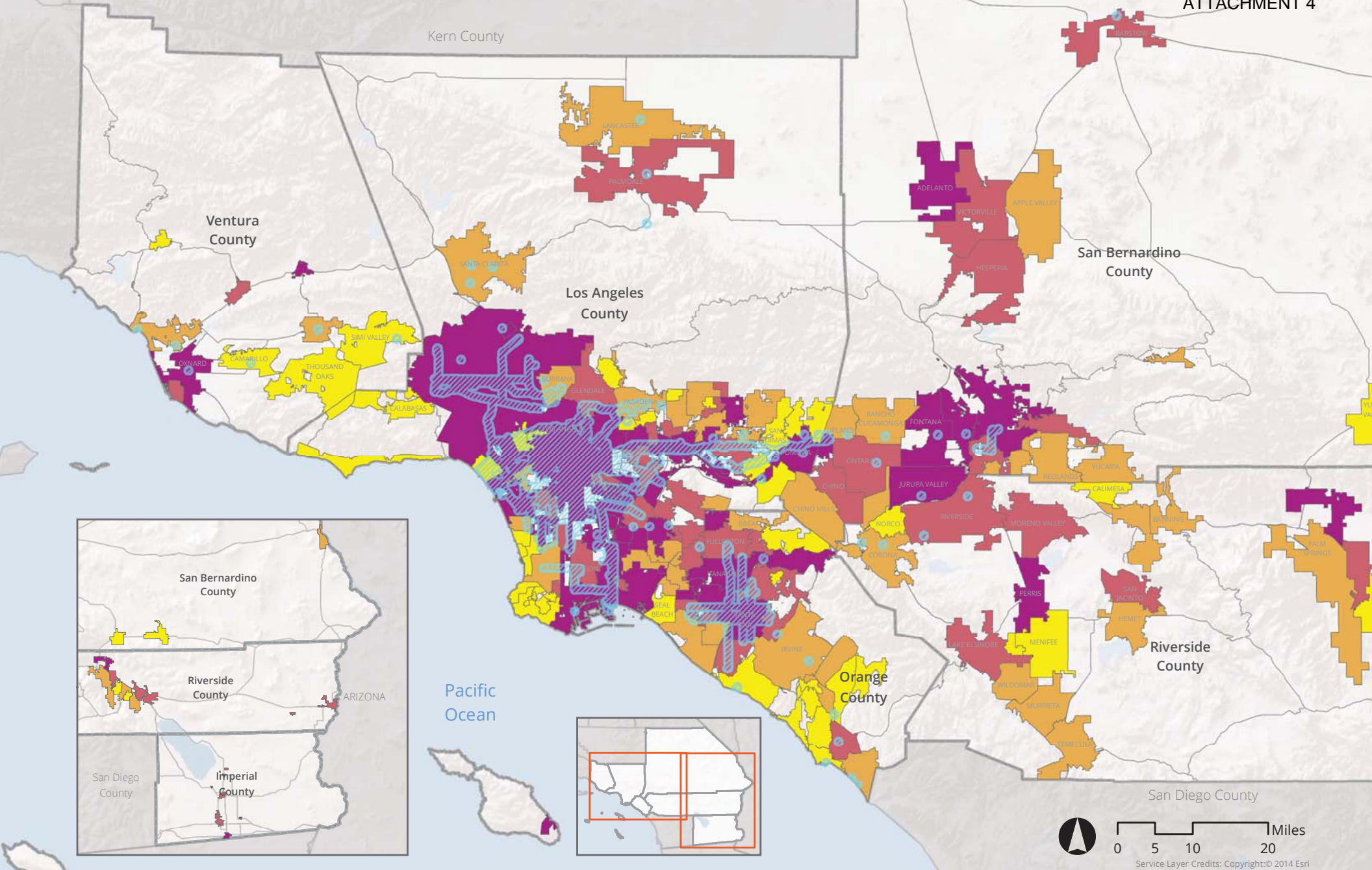
## Multi-Family Units Permitted per 1000 Residents



\*Note: The 2012 High Quality Transit Areas (HQTAs) are extracted from 2012 base year data of the 2016-2040 RTP/SCS Amendment 2 and modified by inputs from transit operators and local jurisdictions. SCAG's HQTAs are within one-half mile from Major Transit Stops and HQTAs and developed based on the language in SB375. Please note that this map may undergo changes as SCAG continues to update its transportation network as part of the 2020 RTP/SCS development process and SCAG shall not be responsible for local jurisdiction's use of this map. Updates to this information will be forthcoming as information becomes available.



# Overcrowded Households per 1000 Households by Jurisdiction



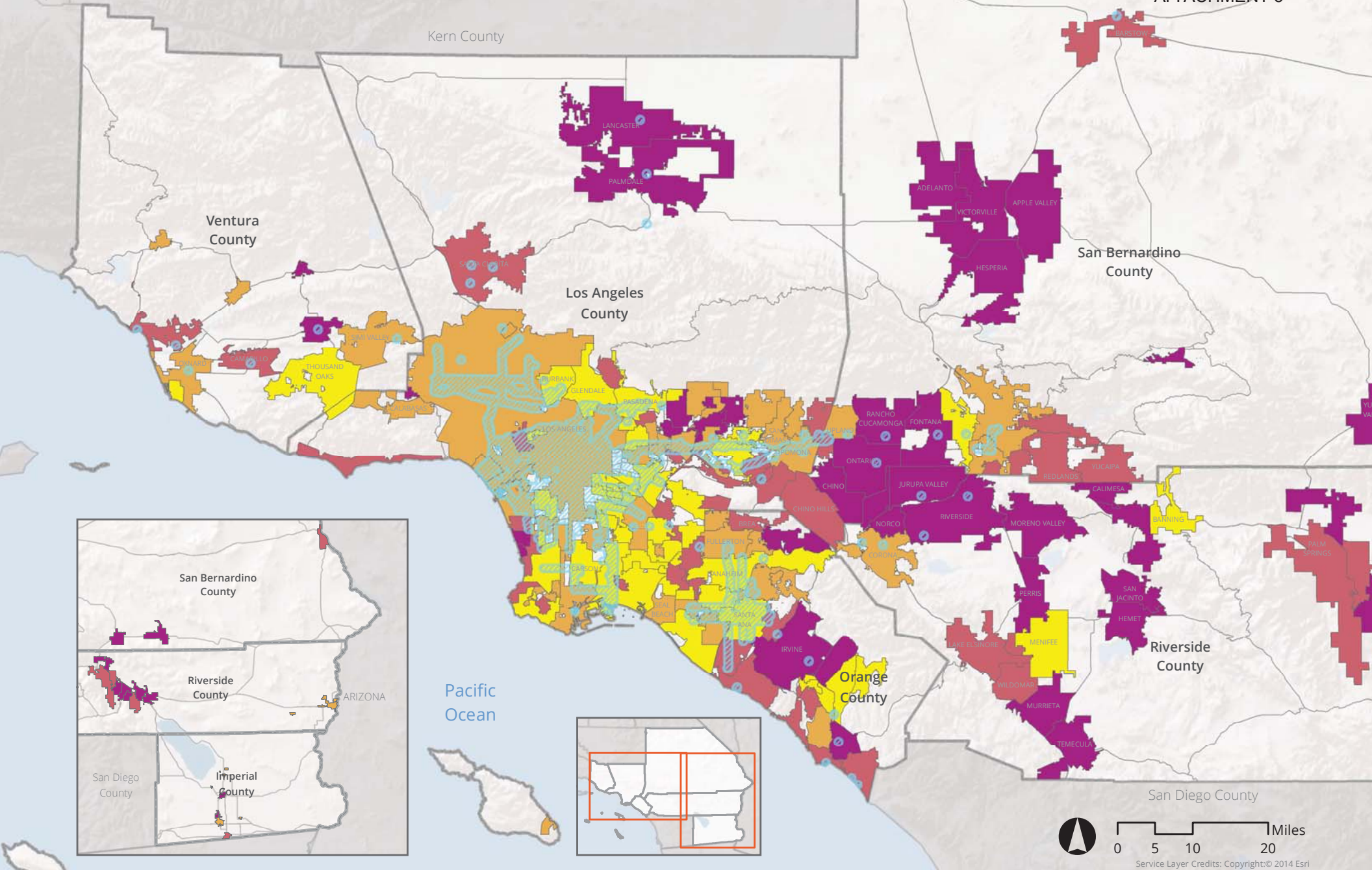
## Overcrowded Households per 1000 Households



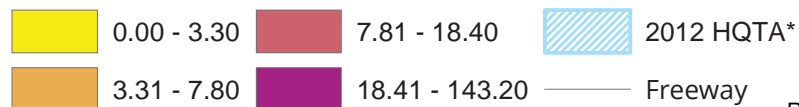
\*Note: The 2012 High Quality Transit Areas (HQTA) are extracted from 2012 base year data of the 2016-2040 RTP/SCS Amendment 2 and modified by inputs from transit operators and local jurisdictions. SCAG's HQTA is within one-half mile from Major Transit Stops and HQTCS and developed based on the language in SB375. Please note that this map may undergo changes as SCAG continues to update its transportation network as part of the 2020 RTP/SCS development process and SCAG shall not be responsible for local jurisdiction's use of this map. Updates to this information will be forthcoming as information becomes available.



# Single Family Units Permitted per 1000 Residents by Jurisdiction (2006-2018)



## Single Family Units Permitted per 1000 Residents



\*Note: The 2012 High Quality Transit Areas (HQTA) are extracted from 2012 base year data of the 2016-2040 RTP/SCS Amendment 2 and modified by inputs from transit operators and local jurisdictions. SCAG's HQTA is within one-half mile from Major Transit Stops and HQTAs and developed based on the language in SB375. Please note that this map may undergo changes as SCAG continues to update its transportation network as part of the 2020 RTP/SCS development process and SCAG shall not be responsible for local jurisdiction's use of this map. Updates to this information will be forthcoming as information becomes available.

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# Proposed RHNA Distribution Methodology

Ma'Ayn Johnson, AICP  
Compliance and Performance  
Monitoring

## RHNA Milestones and Outlook

	Subcommittee Completion	
RHNA Subcommittee Charter	October 2018	✓
Regional determination	June 2019	✓
Proposed RHNA Methodology for public comment period	July 2019	
Draft RHNA Methodology for HCD review	October 2019	
Draft RHNA allocation	February 2020	
RHNA appeals hearings	July 2020	
Final RHNA allocation	August 2020	



## Objectives of RHNA

- 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

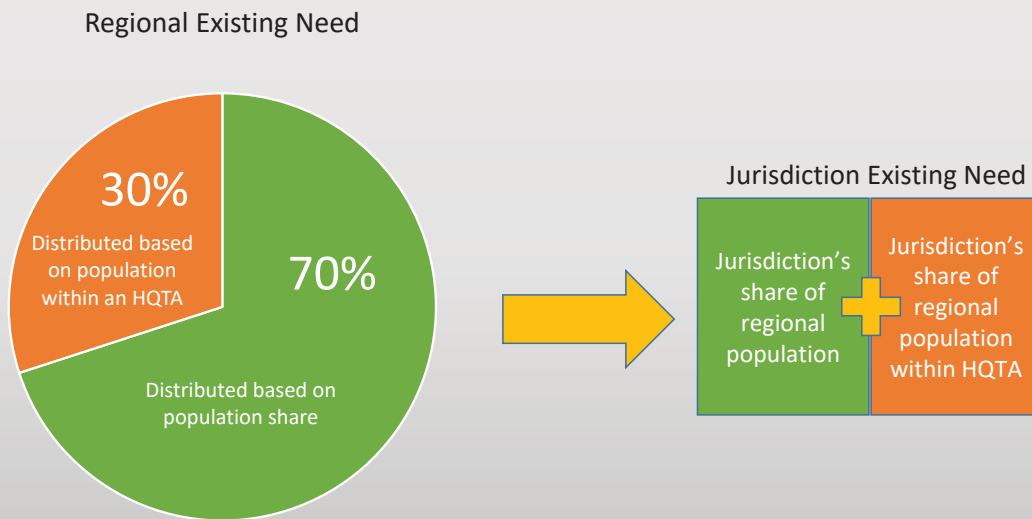


## Objectives of RHNA

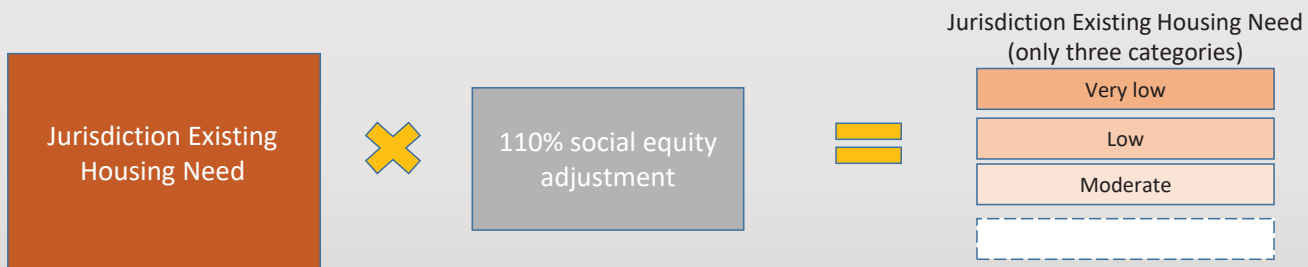
- 3) Promoting an improved intraregional relationship between jobs and housing
- 4) Allocating a lower proportion of housing need in income categories in jurisdictions that have a disproportionately high share in comparison to the county distribution
- 5) Affirmatively furthering fair housing



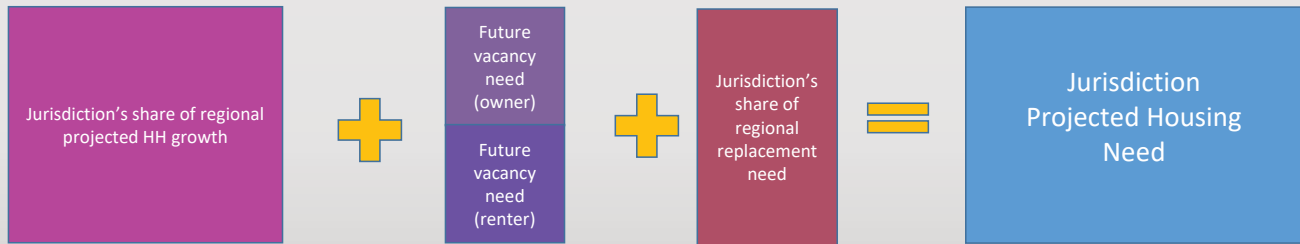
# Step 1 Determining Existing Need



# Step 1: Determining Existing Need



## Step 2: Determining Projected Housing Need



## Step 2: Determining Projected Housing Need





## Step 3: Total RHNA Allocation

Jurisdiction Existing Need

Very low
Low
Moderate



Jurisdiction Projected Need

Very low
Low
Moderate
Above moderate



Jurisdiction Total RHNA Allocation

Very low
Low
Moderate
Above moderate

## City A and City B: A Methodology Example

- City A
  - Urbanized
  - Within County X
  - Most of population is within an HQTAs
  - Population: Appx. 65,000
  - Higher concentration of lower income households than other parts of the county

- City B
  - Suburban community
  - Within County Y
  - No HQTAs within jurisdiction
  - Population: Appx 65,000
  - Higher concentration of high income households than other parts of the county

## City A and City B: Step 1

- Example assumption: Regional existing need of 250,000
  - 175,000 (70%) will be assigned based on population share
  - 75,000 (30%) will be assigned based on population share within HQTAs

City A	Existing need
+Share of regional population (0.35%)	606
+Share of regional population within HQTAs (0.37%)	274
=Total existing need	880

City B	Existing need
+Share of regional population (0.35%)	606
+Share of regional population within HQTAs (0%)	0
=Total existing need	606

## Social Equity Adjustment



## City A and City B: Step 1

	Income Category	Very low	Low	Moderate	Above moderate	Total
City A	Current Distribution	30.1%	23.2%	17.6%	29.1%	100%
	After 110% adjustment	24.8%	14.8%	16.7%	43.6%	100%
	After 110% adjustment into 3 categories	44%	26.3%	29.7%	--	100%

	Income Category	Very low	Low	Moderate	Above moderate	Total
City B	Current Distribution	15.8%	12.2%	16.8%	55.2%	100%
	After 110% adjustment	24.5%	16.9%	18.5%	40.1%	100%
	After 110% adjustment into 3 categories	40.9%	28.3%	30.8%	--	100%

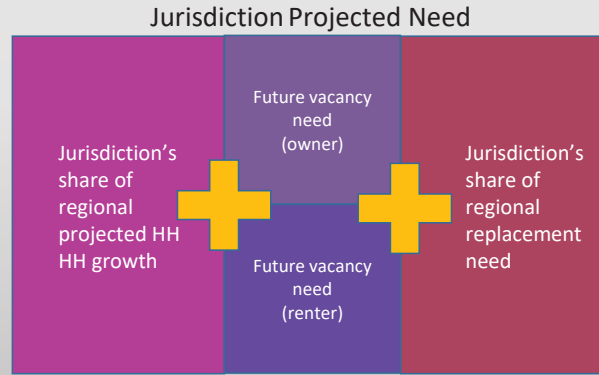
## City A and City B: Step 1

Existing housing need	City A	City B
Very low	360	267
Low	249	160
Moderate	271	180
Above moderate	--	--
Total	880	606

## City A and City B: Step 2

- Projected need will be determined by three factors:

- Household growth
- Future vacancy need
  - By owner and renter
- Replacement need



## City A and City B: Step 2a Household Growth

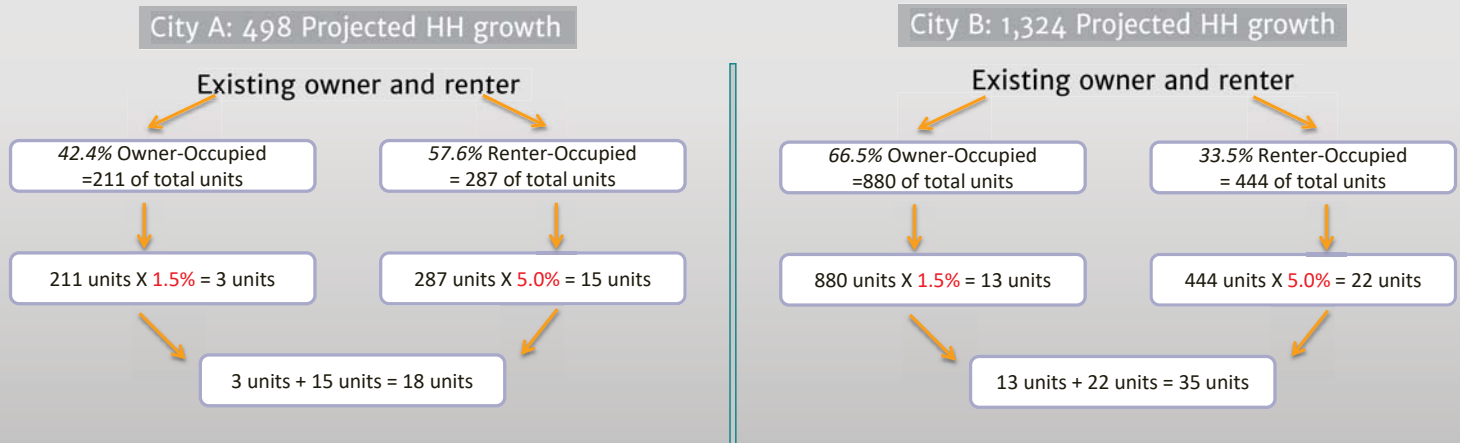
- A jurisdiction's share of regional household growth using local input as the basis

City A	
+Household growth (based on local input)	498

City B	
+Household growth (based on local input)	1,324

## City A and City B: Step 2b Future Vacancy Need

- Future vacancy need uses the breakdown of owner and renter households in each jurisdiction
- A 1.5% vacancy rate is applied to projected owner households
- A 5.0% vacancy rate is applied to projected renter households



## City A and City B: Step 2c Replacement Need

- Jurisdictions will be assigned a replacement need based on their share of regional replacement need
- Share of regional replacement need was adjusted by replacement need survey results
- The final regional replacement need will be assigned after the regional determination process with HCD
- Some jurisdictions replaced all demolished units and have 0 replacement need.

City A	
+Replacement need (based on adjustment from survey)	24

City B	
+Replacement need (based on adjustment from survey)	0

## City A and City B: Step 2

City A	
+Projected household growth	498
+Future Vacancy Need	18
+Replacement Need	24
=Projected housing need	540

City B	
+Projected household growth	1,324
+Future Vacancy Need	35
+Replacement Need	0
=Projected housing need	1,359

## City A and City B: Step 2

City A

Income category	City A existing HH income distribution	County X existing housing distribution	150% adjustment
Very low	30.1%	25.3%	22.9%
Low	23.2%	15.6%	11.8%
Moderate	17.6%	16.8%	16.4%
Above moderate	29.1%	42.3%	48.9%

City B

Income category	City B existing HH income distribution	County Y existing housing distribution	150% adjustment
Very low	15.8%	23.7%	27.7%
Low	12.2%	16.5%	18.6%
Moderate	16.8%	18.3%	19.1%
Above moderate	55.2%	41.5%	34.6%



## Step 3: Total RHNA Allocation

	Very low	Low	Moderate	Above moderate	Total	
City A	Existing need	360	249	271	--	880
	Projected need	124	64	89	264	540
	Total RHNA	484	312	360	264	1,420

	Very low	Low	Moderate	Above moderate	Total	
City B	Existing need	267	160	180	--	606
	Projected need	376	253	259	471	1,359
	Total RHNA	643	413	439	471	1,965

## The Case for Existing Housing Need Methodology

### 1. Shared responsibility

- Existing housing need is a shared responsibility due to decades of accumulated lack of adequate housing supply

### 2. No single trend exists

- Existing housing need indicators do not produce a single consistent trend of exactly where housing need should be assigned
- Concurrent trends such as overcrowding despite higher than average permitting or lower than average permitting but no overcrowding

### 3. Jurisdictional boundaries

- Existing need indicators are not confined to jurisdictional boundaries

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### 4. Symptoms vs Cause

- Existing need indicators are a symptom of housing need and should not be identified as a cause at the jurisdictional level

### 5. Impact on low income households

- Existing need as three income categories acknowledges that the symptoms of existing need have a greater impact on lower income households than higher income households

### 6. Affordable housing is needed everywhere

- Acknowledgement that areas with housing need indicators still have a need for affordable housing

## Next Steps

- Recommendation of the full proposed RHNA Methodology
  - July 1 RHNA Subcommittee meeting
- Proposed RHNA Methodology Public Hearings
  - August/September 2019
- Proposed RHNA Methodology Review by HCD
  - Fall 2019



# For more information

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