REGIONAL HOUSING NEED ASSESSMENT
APPEALS PROCEDURE (AMENDED)

Pursuant to SCAG's Pilot Program (Senate Bill 12) and supplemented by Government Code Section 65584.05, there are three (3) processes whereby local jurisdictions within the SCAG region may seek to modify their allocated share of the regional housing need included as part of SCAG's Draft Housing Allocation Plan.

This first process involves a formal appeal with SCAG, and this document sets forth the process and procedure for local jurisdictions to appeal their regional housing need allocations, as outlined in Section I herein.

The second process involves local jurisdictions requesting a revision of its share of the regional housing need, and this "revision process" is outlined in Section III herein.

The third process involves two or more local jurisdictions proposing a "trade and transfer" or alternative distribution of their regional housing need allocations by way of a written agreement. This document sets forth the process and guidelines to accomplish trades and transfers, as outlined in Section IV herein.

In accordance with SCAG's Pilot Program, local jurisdictions shall not be allowed to file more than one appeal, and no appeal shall be allowed relating to post-appeal reallocation adjustments made by SCAG, as further described in Section II, below.

I. APPEALS PROCESS

A. DEADLINE TO FILE

Under existing law,[1] SCAG can determine the period to file appeals. According to SCAG's current RHNA schedule, attached hereto as Exhibit "A," the Draft Housing Allocation Plan is currently projected to go before SCAG's Regional Council for review and approval on February 1, 2007. The period to file appeals shall commence two weeks after the Draft Housing Allocation Plan is approved. In order to comply with SCAG's current RHNA schedule, any jurisdiction seeking to appeal its draft allocation of the regional housing need must file an appeal

[1] Unless otherwise stated, any reference to "existing law" herein shall mean a reference to California Government Code Section 65584.05.

within thirty (30) calendar days of the start of the filing period. Late appeals shall not be accepted by SCAG.

B. FORM OF APPEAL

The local jurisdiction shall state the basis and specific reasons for its appeal on the appeal form prepared by SCAG, a copy of which is attached hereto as Exhibit "B". Additional documents may be submitted by the local jurisdiction as attachments, and all such attachments should be labeled and properly numbered.

C. BASES FOR APPEAL

Local jurisdictions shall only file an appeal based upon the criteria listed below. In order to provide guidance to potential appellants, information regarding SCAG's allocation methodology and application of local factors in the development of SCAG's allocation methodology is attached hereto as Exhibit "C".[2]

1. Methodology – That SCAG failed to determine the jurisdiction's share of the regional housing need in accordance with the information described in, and the allocation methodology established and approved by SCAG.

2. AB 2158 Factors – That SCAG failed to consider information submitted by the local jurisdiction relating to certain local factors outlined in Govt. Code § 65584.04(b), including the following:

    a. Each member jurisdiction's existing and projected jobs and housing relationship.

    b. The opportunities and constraints to development of additional housing in each member jurisdiction, including the following:

[2] This information was previously released by SCAG as part of its "Notice of Public Workshops regarding SCAG's Integrated Growth Forecast/Regional Housing Needs Assessment" (released in October 2006) and its "Public Hearing Notice" related to the second RHNA public hearing (released in December 2006).

(1) lack of capacity for sewer or water service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period;

(2) the availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities;

(3) Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis.

(4) County policies to preserve prime agricultural land, as defined pursuant to Government Code Section 56064, within an unincorporated area.

c. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.

d. The market demand for housing.

e. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.

f. The loss of units contained in assisted housing developments that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

g. High housing costs burdens.

h. The housing needs of farmworkers.

i. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

j. Any other factors formally adopted by SCAG.

3. Changed Circumstances – That a significant and unforeseen change in circumstances has occurred in the jurisdiction that merits a revision of the information previously submitted by the local jurisdiction.

D. LIMITS ON SCOPE OF APPEAL

Existing law limits SCAG's scope of review of appeals. Specifically, in accordance with existing law, SCAG shall not grant any appeal based upon the following:

1. Any other criteria other than the criteria in Section I.C above.

2. A local jurisdiction's existing zoning ordinance and land use restrictions, including but not limited to, the contents of the local jurisdiction's current general plan. In accordance with Government Code Section 65504.04(d)(2)(B), SCAG may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.

3. Any local ordinance, policy, voter-approved measure or standard limiting residential development. Pursuant to Government Code Section 65584.04(f), any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits shall not be a justification for a determination or a reduction in the share of a city or county of the regional housing need.

E. ALTERNATIVE DATA REQUIREMENTS

To the extent a local jurisdiction submits alternative data or evidentiary documentation to SCAG in support of its appeal, such alternative data shall meet the following requirements:

1. The alternative data shall be readily available for SCAG's review and verification. Alternative data should not be constrained for use by proprietary conditions or other conditions rendering them difficult to obtain or process.

2. The alternative date shall be accurate, current, and reasonably free from defect.

3. The alternative data shall be relevant and germane to the local jurisdiction's basis of appeal.

4. The alternative data shall be used to support a logical analysis relating to the local jurisdiction's request for a change in its regional housing need allocation.

F. HEARING BODY

SCAG's Regional Council has the discretion to determine who shall hear and decide appeals relating to the RHNA process. By resolution, the Regional Council has delegated this responsibility to a hearing body to be known as the "RHNA Appeals Board." The RHNA Appeals Board shall be comprised of six (6) members and six (6) alternates, each representing one of the six (6) counties in the SCAG region. There shall be a quorum of the RHNA Appeals Board provided that each county is represented, and while alternates are permitted to participate in the appeal hearing process, each county shall only be entitled to one vote.

To the extent that any member of the RHNA Subcommittee does not desire or is unable to serve as a member of the RHNA Appeals Board, the CEHD Committee may appoint another member of its Committee to serve on the RHNA Appeals Board, subject to the approval of the Regional Council. Appeals shall be granted or partially granted (*see*, Section I.H. herein) by a majority vote only.

G. APPEAL HEARING

Hearings related to appeals shall occur within 45 days of the deadline to file appeals. Notice shall be provided to the appealing jurisdiction in accordance with existing law. The appeal hearing may take place provided that each county is represented either by a member or alternate of the RHNA Appeals Board. Alternates are permitted to participate in the appeal hearing, provided however, that each county shall only be entitled to one vote when deciding on the appeal. In the event the hearing involves the member's or alternate's respective jurisdiction, the member or alternate shall be disqualified and is not permitted to participate in the hearing, except as a member of the public.

The hearing shall be conducted to provide the appealing jurisdiction with the opportunity to make its case regarding a change in its regional housing need allocation, with the burden on the appealing jurisdiction to prove its case. The

RHNA Appeals Board need not adhere to formal evidentiary rules and procedures in conducting the hearing. An appealing jurisdiction may choose to have technical staff present its case at the hearing. At a minimum, technical staff should be available at the hearing to answer any questions of the RHNA Appeals Board. SCAG staff shall also be permitted to present its position and may make a recommendation on the technical merits of the appeal to the RHNA Appeal Boards, subject to any rebuttal by the appealing jurisdiction.

H. DETERMINATION OF APPEAL

The RHNA Appeals Board shall issue a written decision to the appealing jurisdiction within ten (10) days of the public hearing. The decision shall be to: (1) grant the appeal and approve the total amount of housing units requested by the jurisdiction to be modified as part of its appeal; (2) partially grant the appeal and approve part of the amount of housing units requested by the jurisdiction to be modified as part of its appeal; or (3) deny the appeal and reject any modification to the jurisdiction's regional housing need allocation. The decision of the RHNA Appeals Board shall be final, and local jurisdictions shall have no further right to appeal. In accordance with existing law, the final determination on an appeal by the RHNA Appeals Board may require the adjustment of allocation of a local jurisdiction that is not the subject of an appeal.

II. POST-APPEAL REALLOCATION OF REGIONAL HOUSING NEED

In accordance with existing law (*see*, Government Code Section 65584.05(g)), after the conclusion of the appeals process, SCAG shall total the successfully appealed housing need allocations and if the adjustments total seven percent (7%) or less of the regional housing need, SCAG shall distribute the adjustments proportionally to all local jurisdictions (excepting jurisdictions within a subregion who has accepted delegation).

If the adjustments total more than seven percent (7%) of the regional housing need, SCAG can develop a methodology to distribute the amount greater than seven percent to local governments in accordance with existing law. In this situation, SCAG's methodology shall be to distribute the remainder proportionally to all local jurisdictions (excepting jurisdictions within a subregion who has accepted delegation).

III. REVISION PROCESS

In accordance with Senate Bill 12, local jurisdictions "may request a revision of its share of the regional housing need in accordance with the factors described in subdivision (d) of Section 65584.04, including any information submitted by the local government pursuant to subdividion (d) [of SB 12]." Specifically, a local jurisdiction may request a revision of its draft allocation of the regional housing

need based upon AB 2158 factors, including any information submitted by the jurisdiction regarding the AB 2158 factors as a result of SCAG's public workshops. A local jurisdiction shall submit its revision request using the form attached hereto as Exhibit "D" for purposes of submitting its revision request. A local jurisdiction may request a revision in addition to filing an appeal, as such process is outlined in Section I, above. Local jurisdictions shall submit any revision request during the filing period established for appeals under Section I.A. herein. Late revision requests shall not be accepted by SCAG. and any request shall be subject to the limits and alternative data requirements for appeals, as noted in Section 1.D and E.

The RHNA Appeals Board shall consider and determine any revisions requests. The RHNA Appeals Board shall establish when it shall review the revision requests, and shall have the discretion to review such requests as part of the appeal hearings described in Section I.G, above. Local jurisdictions shall be notified in advance of the RHNA Appeals Board's review of their revision request. The RHNA Appeals Board shall issue a written decision to the local jurisdiction requesting the revision no later than the close of the appeals process, and shall described the rationale for its decision.

The decision of the RHNA Appeals Board regarding revision requests shall be to (1) grant the revision request and approve the total amount of housing units requested by the jurisdiction be revised as part of the request; (2) partially grant the revision request and approve part of the amount of housing units requested by the jurisdiction be revised as part of the request; or (3) deny the revision request and make no modification to the jurisdiction's share of regional housing need.

Any decision by the RHNA Appeals Board to grant or partially grant a revision request shall result in an adjustment to the total regional number provided in the Draft Housing Allocation Plan. In considering and determining any revision requests, the RHNA Appeals Board shall maintain the total regional housing need determined by the State Department of Housing and Community Development of 687,000 to 733,000 housing units. Any revision requests granted by the RHNA Appeals Board shall not adjust SCAG's total regional housing need to be lower than 687,000 housing units. Adjustments resulting from successful revision requests shall not be subject to reallocation. In the event that a local jurisdiction has requested a revision and filed an appeal solely based on AB 2158 factors, the RHNA Appeals Board shall have the right to deny the appeal if it has granted or partially granted the jurisdiction's revision request.

IV. TRADE AND TRANSFER PROCESS

As an alternative to the appeals process, a local jurisdiction may attempt a "trade and transfer" of its allocation with another jurisdiction(s), for the purpose of developing an alternative distribution of housing need allocations consistent with existing law. SCAG shall facilitate or assist in trade and transfer efforts by local jurisdictions, to the extent reasonably feasible. As such, local jurisdictions need not file an appeal with SCAG in order to attempt trades and transfers. SCAG shall deem housing need allocations that are part of an agreement involving a proposed alternative distribution as appealed housing allocation for purposes of preparing the Final Housing Allocation Plan, or Final RHNA. Agreements involving proposed alternative distributions shall be submitted to SCAG prior to SCAG's adoption of the Final RHNA, and be presented to SCAG using the form attached hereto as Exhibit "E."

SCAG shall include the alternative distribution proposed by the local jurisdictions in the Final RHNA, provided that the proposed alternative distribution maintains or accounts for the total housing need originally assigned to these communities and complies with the following guidelines:

A. Transfer request shall have at least two willing partners and total number of units originally assigned to the group requesting the transfer (hereinafter referred to as the "transfer group") cannot be reduced.

B. All members of the transfer group shall retain some allocation of very-low and low-income units.

C. The proposed transfer includes a description of incentives and/or resources that will enable the jurisdiction(s) receiving an increased allocation to provide more housing choices absent the proposed transfer and accompanying incentives or resources.

D. The proposed transfer shall be consistent with existing housing law, including the RHNA objectives set forth in Government Code Section 65584(d) (1) through (4).

E. If the proposed transfer results in a greater concentration of very-low income or low-income units in a receiving jurisdiction which has a disproportionately high share of households in that income category, the transfer group shall provide a reasonable justification to SCAG so as to address the RHNA objectives set forth in Government Code Section 65584(d) (1) through (4).

F. The proposed transfer shall comply with the Pilot Program, and shall not prohibit SCAG from making a determination that its Final RHNA is consistent with SCAG's regional transportation plan (RTP) and air quality conformity finding of the RTP in accordance with the Pilot Program.

G. The transfer group shall retain its originally assigned allocations in the event the agreement involving the proposed transfer is not completed.

V. FINAL RHNA

After SCAG makes any adjustments resulting from the revision process, redistributes the adjustments to the local jurisdictions following the appeals process, incorporates any alternative distributions of transferring jurisdictions, and receives the final allocations of subregional housing need from the delegated subregions, SCAG shall adopt a Final RHNA. Any challenges to the final RHNA is subject to judicial review pursuant to Section 1094.5 of the California Code of Civil Procedure.

VI. DELEGATED SUBREGIONAL APPEALS PROCESS

All delegated subregions shall follow and comply with SCAG's revision and appeals processes set forth herein, except that the delegate subregion has the discretion to determine its own filing period for revision requests and appeals and the composition of its appeal hearing body. Jurisdictions within a delegated subregion that are unsuccessful in their appeal efforts shall have no right of appeal with SCAG. In addition, delegated subregions may facilitate a trade and transfer process consistent with the guidelines developed by SCAG and identified herein in Section III.

Exhibit "A" -- RHNA Timeline

January 2007- June 2008

Jan 11, 2007	Second public hearing regarding final methodology. This will focus on presenting final methodology, subregional workshop results, and policy recommendations.
Jan 31	Deadline for subregions to accept delegation
Feb 1	CEHD and RC approves final integrated forecast with 4 variables and final RHNA methodology and adopts draft RHNA allocation plan.
Feb 15	Start of the 30-day period for local jurisdiction to request revision and/or to file appeal.
Mar 16	Last day for local jurisdiction to request revision based on AB 2158 factors and/or file appeal based on AB 2158 factors, methodology, or changed circumstances.
Mar 26	Deadline for SCAG to notify jurisdictions of a public hearing for their appeal (within 10 days of end of filing period).
Mar 30	Submit status report to state pursuant to Pilot Program.
Apr 25-30	Public hearings before RHNA Appeals Board held for appealing jurisdictions, and possibly for jurisdictions requesting revision. The hearings will be held between the 30th and 35th days from the date of SCAG's notification.
May 10	End of the appeals process with decisions by Appeals Board rendered on all revision requests and appeals; staff to begin preparing final RHNA allocation. Alternative distribution and transfers may occur until SCAG adopts a final housing need allocation plan.
Jun 5	SCAG notifies jurisdictions 30 days in advance of the public hearing for the final adoption of the final RHNA allocation.
Jun 7	SCAG issues a proposed final allocation plan based on appeals and input received. This must occur within 45 days of the end of the appeals filing and hearing process, so the last day technically is June 18.
July 5	SCAG holds a public hearing to adopt the final housing need allocation plan. This must occur within 45 days of issuance of the proposed final allocation plan.
July 6	SCAG submits its final housing need allocation plan to HCD.
Sept 4, 2007	Deadline for final adoption of the Housing Allocation Plan by HCD.
Jun 30, 2008 (statutory)	Due date for jurisdictions in the SCAG Region to submit revised Housing Elements to HCD.

Exhibit “B” -- Appeals Form

Fourth Cycle Regional Housing Needs Assessment Appeal Request

Date: _____

County/ Subregion: _____ Jurisdiction: _____

Contact: _____ Phone #/ Email: _____

APPEAL AUTHORIZED BY:

Name: _____

PLEASE CIRCLE BELOW:

Mayor | Chief Administrative Officer (County) | City Manager | Chair of County Board of Supervisors | Other _____

BASES FOR APPEAL

- ☐ RHNA Methodology
- ☐ AB 2158 Factors (See Government Code Sec. 65584.04 (d))
  - ☐ Existing or Protected Job-Housing Balance
  - ☐ Infrastructure Constraints for Additional Development
  - ☐ Distribution of Household Growth assume for Purposes of Comparable Regional Transportation Plans
  - ☐ Market Demand for Housing
  - ☐ County-City Agreements to Direct Growth toward Incorporated Areas of County
  - ☐ Loss of Units Contained in Assisted Housing Developments
  - ☐ Lands Protected from Urban Development under Existing Federal or State Programs
  - ☐ High Housing Cost Burdens
  - ☐ Housing Needs of Farm workers
  - ☐ County Policies to Preserve Prime Agricultural Land
- ☐ Changed Circumstances

Brief Description of Appeal Request and Desired Outcome:

List of Supporting Documentation, by Title and Number of Pages:

1.

2.

3.

4.

FOR STAFF USE ONLY:

File Date	Hearing Date	Planner	SCAG Document Reference #

Exhibit "C" – Allocation Methodology and Application of AB 2158 factors

2007 Integrated Growth Forecast Process and Final Allocation Methodology for Regional Housing Needs Allocation (RHNA)

The foundation of SCAG's proposed RHNA Allocation Methodology is the "Integrated Growth Forecast", which represents the most desired growth scenario for the Southern California region in the future because it ties housing to transportation planning. The growth scenario includes the size and distribution of growth in the SCAG region. It is based on a combination of recent and past trends, reasonable key technical assumptions, and existing and new local or regional policy options. The Integrated Growth Forecast at the regional and small area level are the basis for developing the Regional Transportation Plan (RTP), Environmental Impact Report (EIR), Compass Blueprint Plan, and the Regional Housing Needs Assessment (RHNA). The development of the Integrated Growth Forecast is driven by a principle of collaboration between the regional and local jurisdictions who are major contributors in the process. Integration of the output from the regional and local forecasts is achieved through joint efforts and collaboration among the various contributors.

In February 2005, SCAG's Community, Economic and Human Development Committee (CEHD) approved and directed staff to proceed with the 2007 RTP Growth Forecast Update Process, currently known as the 2007 Integrated Growth Forecasting process for the 2007 RTP/EIR/RHNA and Compass Blueprint. SCAG's Plans & Programs Technical Task Force (P&P TAC) also assisted in the process by providing technical and policy input. Policy Committees of the Regional Council were periodically informed of progress and provided direction to the process.

Development of the Integrated Growth Forecast

Development of the Integrated Growth Forecast involves several steps. This first step entailed an analysis of recent regional growth trends and the collection of significant local plan updates. A variety of large area estimates and projections are collected from federal and state governments. The major government sources included information from the following agencies:

- U.S. Department of Commerce, Census Bureau and Bureau of Economic Analysis,
- U.S. Department of Labor, Bureau of Labor Statistics,
- Internal Revenue Service (IRS),
- U.S. Citizenship and Immigration Services,
- Department of Health and Human Services,
- California Department of Finance (DOF),
- California Employment Development Department, and
- Information received through the Intergovernmental Review process.
- Small area estimates and projections were also available from aerial land use data, data from ES202, CTPP, general plan, parcel level data from tax assessor's office, building permits from Construction Industry Research Board and demolition data from the DOF.

The next steps involved the review and update of the 2004 regional growth forecast methodology used as part of SCAG's 2004 Regional Transportation Plan and key assumptions. The widely used methodology included the cohort-component method and the shift-share method. The key technical assumptions included updates regarding the fertility rate, mortality rate, net immigration, domestic in-migration, domestic out-migration, labor force participation rates, double jobbing rates, unemployment rates, and headship rates.

Thereafter, a review and update of existing regional growth policies and strategies, including Compass Blueprint strategies, economic growth initiatives, Goods Movement strategies, etc. were assessed. Relevant analysis also included general plan capacity analysis, demonstration projects, regional growth principles, polling and focus groups, and public workshops.

The next step is to develop and evaluate the draft regional Integrated Growth Forecast scenarios with small area distributions. Regional growth forecast scenarios are developed and allocated into the smaller

geographic levels using public workshops. The small area distributions of the regional growth are evaluated using transportation and emission modeling results and environmental impact review.

The last step is to select and adopt a preferred regional growth forecast. A regional growth scenario with selected small area distributions is developed using transportation and environmental performance measures. The Regional Council adopts a regional growth forecast.

An organized forecasting decision making process is required to develop a consensus regional growth forecast in an efficient, open, and fair way. A variety of groups or input involved in the forecasting process include panel of experts, subregional/local review, stakeholders/data users, public outreach, technical committee, policy committee, and the Regional Council.

Consistent with the timelines and tasks specified in the forecasting process flow chart, Community Development/ Forecasting staff, with helps from subregions, cities, and subregional coordinators, completed the following tasks during 2005.

1. Conduct survey of local jurisdictions regarding recent changes in general plan and developments that could affect the long term growth patters envisioned in the 2004 RTP/Growth Vision policy forecast.
2. Provided Transportation Modeling Division the extended Year 2000 socio-economic data set for new model development and calibration.
3. Collaborating with subregions/local jurisdictions, reviewed and revised the 2003 base year small area distribution of employment, population, and household, and completed/delivered the 2003 extended socio-economic data set to Modeling Division.
4. Requested and received inputs from subregions regarding their perspectives of future growth in population, employment and household.
5. Reviewed and presented recent trends in population, employment and household growth and completed preliminary 2007/08 RTP no-project growth forecasts at regional/county/subregion level.

During 2006, with additional assistance from the 2007 integrated growth forecasting consultant teams, the following major milestones were accomplished for the integrated 2007 RTP/EIR/RHNA growth forecasting process:

- January 2006: Working with consultant, convening the Panel of Experts to review and comment on 2007 RTP/EIR/RHNA growth forecast at regional/county/subregion level.
- February 2006: Counties/subregions and local jurisdictions are invited to present their perspectives on growth and any pertinent growth issues to SCAG staff and the Panel of Experts.
- March – August 2006: Presented the updated 2007 RTP/EIR/RHNA growth forecasts at region and county levels to the Plans & Programs Technical Advisory Committees and Panel of Experts (the process in developing the methodology is attached).
- September 7, 2006: Discussed the 2007 integrated growth forecasts at region/county level as well as forecasting and RHNA Pilot issues/questions with the Plans and Programs Technical Advisory Committee in their special meeting.
- September 14, 2006: The CEHD approved and directed staff to proceed with the disaggregation of the *draft* 2007 integrated regional/county forecasts into smaller geographic levels and scheduling of subregion/local jurisdiction workshops and inputs process.
- September 28, 2006: Held the first RHNA public hearing.
- September – October 2006: RHNA Subcommittee formed & completed policy recommendations for forecast/ RHNA. CEHD approved all policy recommendations.

- Consideration of AB 2158 factors in housing need
- Provided Fair Share Policy recommendation to CEHD to avoid over concentration of household by income group

- October – January 2007: Completed 15 subregional workshops, including interactive exercise of 2035 senarios, and RHNA exercise 2005-2014.
  - 2158 factors form filled out.
  - Formal and informal comments received
  - Follow-up meetings with local subregions/jurisdictions.

- December 2006: State HCD issued the range of housing construction need for the SCAG region—between 687,000 units and 730,000 units—for an eight and a half year planning period (from January 2006 to July 2014), which are consistent with the SCAG's Integrated Growth Forecast and RHNA policies adopted by the CEHD.

For detailed procedures of developing baseline growth forecasts, please see:
http://scag.ca.gov/rtptac/pdf/2006/tac041806_SCAGBaselineForecast_Draft_r4.pdf

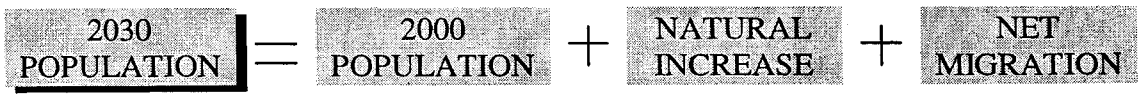
Integrated Growth Forecast Methodology at the Region/County Level:

The regional policies in terms of long term transportation projects funded by private sector investment and Compass 2% land use policies are *not* projected to affect regional, county, subregion, and city level growth of population, household, employment, and housing units before 2015. Compass 2% land use strategies are voluntary they only direct growth redistributions within city boundaries before 2015.

A. Population forecasts

Two factors account for population growth: natural increase (which is the balance between births and deaths) and net migration (which is the balance between the number of people coming and leaving the region).

Net migration is differentiated between domestic migrants (people moving in and out of the region to other parts of the nation, immigrants (legal and undocumented) moving to the region from other countries.



SCAG projects regional population using the cohort-component model. The model computes the population at a future point in time by adding to the existing population the number of group quartered population, births and persons moving into the region during a projection period, and by subtracting the number of deaths and the number of persons moving out of the area. This process is formalized in the demographic balancing equation.

The fertility, mortality and migration rates are projected in five year intervals for eighteen age groups, for four mutually exclusive ethnic groups: Non-Hispanic White, Non-Hispanic Black, Non-Hispanic Asian and Hispanic. The birth rates are also projected by population classes: residents (and domestic migrants) and international migrants.

SCAG links population dynamics to economic trends, and is based on the assumption that patterns of migration into and out of the region are influenced by the availability of jobs. The future labor force supply is computed from the population projection model by multiplying civilian resident population by projected labor force participation rates. This labor force supply is compared to the labor force demand based on the number of jobs projected by the shift/share economic model.

The labor force demand is derived using two step processes. The first step is to convert jobs into workers using the double job rate. The double job rate is measured by the proportion of workers holding two jobs or more to total workers. The second step is to convert workers into labor force demand using the ideal unemployment rate. If any imbalance occurs between labor force demand and labor force supply, it is corrected by adjusting the migration assumptions of the demographic projection model. Adjustment of migration assumptions is followed by total population changes.

The county forecasts are developed by analyzing the difference between the sum of initial county forecasts and the regional independent projections. If results are significantly divergent, input data at the county level is adjusted to bring the sum of counties projection and the regional independent projections more closely in line. Complete agreement between two projections is not mandatory. After analysis, the sum of counties constitutes the regional forecasts.

B. Employment forecasts

Employment forecasts utilize a top down procedure starting with a U.S. forecast, followed by California, and finally the SCAG region and counties. The regional employment forecasts will interact with the regional population forecasts.

The first step is to project the U.S. labor force based on projections of total population and labor force participation rates. Total jobs are projected from total labor force, unemployment rate, and the ratio of total jobs to employed residents. Total jobs are then projected to a one-digit industry code based on historical trends of the one-digit shares of U.S. total jobs.

The second step is to forecast California total jobs for each forecast year based on U.S. total jobs and the job share of California to U.S. for each forecast year. California total jobs are then projected to the one-digit industry code based on historical trends in the one-digit shares of California total jobs.

The third step is, to forecast regional total jobs for each forecast year based on California total jobs and the job share of the SCAG region to California for each forecast year. Total jobs are then projected to a one-digit industry code based on historical trends in the one-digit share of SCAG regional total jobs.

The fourth step is to forecast county total jobs for each forecast year based on regional total jobs and the job share of each county to the SCAG region for each forecast year. Total jobs are then projected to a one-digit industry code based on historical trends in the one-digit share of county total jobs. The preliminary are adjusted by future aging patterns and related labor force patterns of each county.

C. Household Forecasts

A household includes all the persons who occupy a housing unit as their usual place of residence. By definition, the count of households or householders is the same as the count of occupied housing units for 100-percent tabulations.

SCAG projects regional households by using headship rate method. The projected households at a future point in time are computed by multiplying the projected resident population by projected headship rates. The headship rates are projected by age, sex, and race/ethnicity.

Headship rate is the proportion of a population cohort that forms the household. It is specified by age and ethnicity. Headship rate is projected in five year intervals for seven age groups (for instance, 15-24, 25-34, 35-44, 45-54, 55-64, 65-74, 75+), for four mutually exclusive ethnic groups.

Housing Unit Forecasts

A housing unit is a house, an apartment, a mobile home or trailer, a group of rooms or a single room occupied as separate living quarters or, if vacant, intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live and eat separately from any other persons in the building and

which have direct access from outside the building or through a common hall. Both occupied and vacant housing units are included in the housing unit inventory.

A housing unit is vacant if no one is living in it at the time of enumeration, unless its occupants are only temporarily absent. Units temporarily occupied at the time of enumeration entirely by persons who have a usual residence elsewhere are also classified as vacant. Vacant units include vacant units for: sale only; rent only; seasonal, recreational, or occasional use; migrant workers; rented or sold, not occupied; other.

SCAG projects regional housing units by using "total vacancy rate method." The projected housing units at a future point in time are computed by dividing the projected households by occupancy rates (e.g.,1- total vacancy rates). Total vacancy rate is calculated by dividing the number of total vacant units by the number of total housing units.

For detailed methodology and assumptions of the Integrated Growth Forecasts at regional level, please see: http://scag.ca.gov/rtptac/pdf/2006/tac031606_SCAGBaselineForecastREV0404.pdf
and at county level, please see:
http://scag.ca.gov/rtptac/pdf/2006/tac041806_SCAGBaselineForecast_Draft_r4.pdf

D. Considering Policy Impacts

It should also be noted that the regional policies in terms of long term transportation projects funded by private sector investment and Compass 2% land use policies are *not* projected to affect regional, county, subregion, and city level growth of population, household, employment, and housing units before 2015. Compass 2% land use strategies are voluntary they only direct growth redistributions within city boundaries before 2015.

Preliminary 2004 RTP growth forecasts update is completed by incorporating two regional policies into the baseline growth forecasts. There are two regional policies that will affect future size and distribution of baseline forecasts of employment, population, households, and housing units: one is Compass/Blueprint; the other one is private sector investment.

Given the fact Compass/Blueprint does not affect the growth and distribution at the county level, the private sector investment only will be considered to influence the future growth and distribution at the county level.

First, the regional job impacts of private investment are calculated for 20 NAICS sectors (by 2-digit) based on input-output analysis. These job impacts are distributed to counties based on growth share methodology for each sector.

Second, further adjustment was made based on 2004 RTP job distribution. Third, the regional job impacts are translated into the regional population adjustment using the economic-demographic model. Additional population is distributed to counties following the additional household adjustment.

Fourth, population adjustment is translated into households by using the household projection model. The regional household adjustment is distributed to counties following the county distribution of additional jobs.

Fifth and last, additional household adjustment is translated into housing units by using the total vacancy rate. The regional housing unit adjustment is distributed following the county distribution of additional households.

Please see http://scag.ca.gov/rtptac/pdf/2006/tac081706_Forecast.pdf for assessing regional policy impacts and allocating county distribution.

Integrated Growth Forecast Methodology at City Level:

The overall framework for the city level demographic forecasts is provided by the household (occupied housing units) method. This approach is widely accepted and applied in forecasting socioeconomic growth for smaller geographic areas. The household method consists of the following three major projection components: housing units, households (occupied housing units) and population.

A. Population Forecasts

City population is projected as the group quarters population plus the product of households and average persons per household (PPH). The average number of persons per household is projected using the historical trend and the updated county PPH. Group quarters population is projected using its ratio to total population from the 2000 Census, which is assumed to remain constant during the projection horizon.

B. Employment Forecasts

The distribution of county jobs to city applies a "constant-share" approach to calculate city employment. Based on constant-share approach, city job growth is a function of city share to county jobs for each sector and future county job growth. If a city in Los Angeles county is specialized in a specific industry (e.g., manufacturing), its future job growth will be affected by future reduction of manufacturing jobs of Los Angeles county. The constant-share approach provides a reasonable job estimates for the future, which form a reasonable basis for future subregional input process.

C. Household Forecasts

The draft city household forecasts reflect long term growth patterns incorporated in the 2004 RTP forecasts, recent trends, and updated county household forecasts.

- Each local jurisdiction's household growth was first projected by using the "Constrained Exponential Growth Equations" with their respective long term historical trend data between 1980 and 2000.
- "Constrained" in the above methodology is to ensure that all local jurisdictions add up to county total.
- Provide the projected household growth to all local jurisdictions for comments and inputs and make adjustments accordingly.
- Adjust forecasting errors—actual 2005 vs. forecasted 2005—and apply to 2035.
- Control to revised county forecasts from the 2007 Integrated Growth Forecasts.

The household forecast for all local jurisdictions and unincorporated areas are attached for subregion/local jurisdiction workshops. The household growth between 2005 and 2014 forecasted for each local jurisdiction, plus replacement and vacancy adjustment is the starting allocation for the RHNA construction need.

D. Housing unit Forecasts

The projected housing units are computed by using the projected households and *total vacancy rate*. The city level total vacancy rate is based on the 2000 Census, and it is assumed to remain constant during the projection horizon.

Development of RHNA Allocation Methodology

Shift of Planning Period

The state HCD requires the shift of the current RHNA nine-year planning period (July 2005—July 2014) to January 2006—July 2014 (8 ½ years). In the Draft RHNA Allocation Plan, each local jurisdiction's household growth (from DOF) and associated changes in vacancy needs and replacement needs for the six-month period (6-month adjustment = 9-year Replacement / 9 / 2)—from July 2005 to January 2006 will be subtracted from the nine-year construction needs, such that local jurisdiction could get appropriate adjustment consistent with the shorter planning period requirement and understand how their final RHNA construction needs for the 8½ year planning was derived.

Linkage between Integrated Growth Forecast and RHNA

For purposes of undertaking RHNA and developing an allocation methodology, SCAG has utilized the information generated through the development of the draft regional Integrated Growth Forecast. The Draft Integrated Growth Forecast of household growth between January 2006 and July 2014 is the starting basis for RHNA planning. At the regional level, total regional household growth projected between January 2006 and July 2014, plus vacancy and replacement adjustments during the equivalent 8 ½ year period is the draft construction need for the region (se below for detail).

The household forecast for each county between January 2006 and July 2014 provided by the Draft Integrated Growth Forecasts is the start of the RHNA allocation plan at county level. Similarly, the household forecast for each jurisdiction, including unincorporated areas within each county between January 2006 and July 2014 is the start of the RHNA allocation plan at jurisdictional level.

Each jurisdiction's household distribution using county level median household income based on Census 2000 is the starting basis for RHNA housing allocation plan by income category.

Incorporate AB 2158 Planning Factors in Earlier Stage of the Integrated Growth Forecast Process

Consideration of several local AB 2158 planning factors has been incorporated in the draft Integrated Growth Forecast by way of analysis of aerial land use data, employment and job growth data from the ES202 data base, Census Transportation Planning Package data, general plan, parcel level property data from tax assessor's office, building permit, demolition data and forecast surveys distributed to local jurisdictions.

However, because the draft Integrated Growth Forecast arguably does not adequately address some of the AB 2158 factors, such as loss of units contained in assisted housing developments, high housing costs burdens, and the housing needs for farm workers, the final allocation methodology will depend on outcomes of policy recommendations from the CEHD and RHNA Methodology Subcommittee, which are to be reviewed and approval by SCAG's Regional Council. In addition, the final allocation methodology will also incorporate additional information from local jurisdictions regarding the AB 2158 factors as a result of the subregional workshops. Planning factors not adequately incorporated in the Integrated Growth Forecasting process may be addressed by adding data and/or statistics from 2000 Census to the "Existing Needs Statement" of the RHNA, or through application of policy recommendations.

Specifically, the AB 2158 factors have been considered in the draft Integrated Growth Forecast Process as follows:

(1) Each member jurisdiction's existing and projected jobs and housing relationship

The resulting job/housing relationships are appropriately maintained for all local jurisdictions throughout the forecasting/planning horizon.

(2) The opportunities and constraints to development of additional housing in each member jurisdiction, including all of the following, (i) lack of sewer or water service due to laws or regulations, (ii) the availability of land suitable for urban development or for conversion to residential use, (iii) lands preserved or protected from urban development under governmental

programs designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis, and (iv) county policies to preserve prime agricultural land within an unincorporated area:

The Integrated Growth Forecasting Process started with extensive survey of all local jurisdictions regarding their land use and constraints. All subregions/local jurisdictions are invited to provide SCAG their respective growth perspective and inputs. In addition, Compass 2% growth opportunity areas are identified throughout the region to redirect growth favoring an urban form consistent with regional mobility and air quality goals.

(3) The distribution of household growth assumed for purposes of a comparable period of regional transportation plan and opportunities to maximize the use of public transportation and existing transportation infrastructure.

The distribution reflects the results of the "Integrated Growth Forecasts."

(4) The market demand for housing

All indicators of market demand, such as trends of building permits, household growth, employment growth and population growth are built in the forecasting methodology and model throughout all geographic levels.

(5) Agreements between a county and cities in a county to direct growth toward incorporated areas of the county

This is addressed through extensive survey of all local jurisdictions and subregion/local jurisdiction inputs/comments process.

(6) The loss of units contained in assisted housing development.

Not addressed in the draft Integrated Growth Forecast.

(7) High housing costs burdens.

Not addressed in the draft Integrated Growth Forecast.

(8) The housing needs of farmworkers.

The Integrated Growth Forecasts did provide projection of agricultural jobs (wage and salary jobs plus self employment) by place of work. The corresponding requirements of workers were also provided by place of residence. There is no information regarding the forecasts of migrant workers.

(9) Others factors adopted by the council of governments.

To date, SCAG has not adopted any other planning factors to be considered as part of the allocation methodology.

Policy decisions by RHNA Methodology Subcommittee regarding Allocation Methodology, adopted by CEHD in November 2006

As described above that the Integrated Growth Forecasting process may have adequately addressed most of the AB 2158 planning factors, it was staff's opinion that there are certain factors requiring policy considerations for purposes of completing the Allocation Methodology. The CEHD established a RHNA Subcommittee to assist staff regarding these policy considerations. The RHNA Subcommittee was comprised of local elected officials, and considered the following factors:

- Farmworker housing needs
- Loss of at-risk low-income units
- Housing Cost
- Market Demand
- Fair Share/Over-concentration

With significant comments and inputs from the Programs and Plans Technical Advisory Committee (TAC), the RHNA Subcommittee' made recommendations regarding these factors and how whether they would be addressed in the Allocation Methodology. The recommendations of the RHNA Subcommittee were presented to and approved by the CEHD in November 2006 as follows.

Farmworker Housing Needs

The housing needs of farmworkers are not always included in a housing allocation methodology. Farmworker housing needs are concentrated geographically and across farm communities in specific SCAG region counties and sub areas. The CEHD approved a policy that combines an existing housing need statement with giving local jurisdictions the discretion to deal with farmworker housing needs. This factor will not be addressed in SCAG's Allocation Methodology. Instead, SCAG will provide the farmworker housing need data for local jurisdictions to adequately plan for such need in preparing their housing elements. These data include:

- Farmworkers by Occupation;
- Farmworkers by Industry;
- Place of Work for Agriculture.

Loss of At-risk Low-Income Units

The conversion of low-income units into non-low-income uses is not necessarily reflected in a housing allocation methodology. The loss of such units affects the proportion of affordable housing needed within a community and the region as a whole. There is an inherent risk of losing more affordable units in any one year than are allocated to be built, which severely impacts local housing accessibility for low-income households.

The CEHD approved a policy that combines an existing housing need statement with giving local jurisdictions the discretion to deal with this factor. This factor will not be addressed as part of SCAG's Allocation Methodology. Instead, SCAG will provide the data for this factor for local jurisdictions to adequately plan for the loss of at risk low income units in preparing their housing elements.

High Housing Cost Burden

The CEHD approved the recommendation by the RHNA Subcommittee to assign more housing to high housing cost jurisdictions relative to lower cost jurisdictions based on vacancy rate differentials as recommended by the RHNA Subcommittee. The recommendation is to use the regional vacancy rate of 3.5% (HCD Low scenario), broken down by renter and owner-status, across all jurisdictions to adjust the future vacant unit need, with special adjustments for impacted communities with a high concentration of low income households. For these impacted communities, the lower of the Census vacancy rate or the 3.5% vacancy rate will be used. Collectively, this approach regarding the high housing cost burden will modestly increase housing stock in low vacancy, high housing cost communities versus other jurisdictions, and is based upon an ideal healthy market vacancy adjustment consistent with the State HCD low scenario, which assumes an ownership vacancy rate of 2.3% and a renter vacancy rate of 5%.

The mathematical equation for addressing this policy decision for purposes of the RHNA Allocation Methodology would be as follows:

Construction Needs for each Jurisdiction (January 2006-July 2014):

[Household Growth (January 2006-July 2014) + Replacement Needs (1997-2005)/9*8.5] +
[Vacancy Rate Adjustment (3.5% = 2.3% for Owner, 5% for Renter)] –
Adjustments for local jurisdictions where the share of very-low and low income household is greater than their county's share of very-low and low income households, and their vacancy rates are lower than the combined vacancy rate of 3.5%.

Market Demand

The CEHD adopted the RHNA Subcommittee's recommendation that the Integrated Growth Forecast adequately address this factor and elected not to make any further adjustments relating to the market demand for housing and the employment to population relationship for purposes of the Allocation Methodology.

Fair Share/Over Concentration

California housing law states that the regional housing allocation methodology must avoid or mitigate the over- concentration of income groups in a jurisdiction to achieve its objective of increasing the supply and mix of housing types, tenure, and affordability in an equitable manner, which would result in each jurisdiction receiving an allocation of units for low and very low income households [see, Govt. Code Section 65584(d)].

The CEHD adopted the recommendation from RHNA Subcommittee that each community should close the gap between their current income household distribution and the county median distribution, by specifically adjusting their respective levels to 110% of the county average. SCAG finds that this "fair share adjustment" would fully address the statutory planning requirement to achieve equity by moving to the county income distribution over the 2005-2014 planning period and avoid the further concentration of lower income households in "impacted" communities.

Example of Allocation of Construction Needs by Income Category utilizing approved Fair Share Adjustment):

Each jurisdiction will move 110% towards the county distribution in each of its four income categories. For example, based on county median household income in 2000 Census, a jurisdiction's income distribution is:

Very low (29.5%), Low (16.8%), Moderate (16.6%), Above moderate (37.1%),

The county distribution is:
Very low (24.7%), Low (15.7%), Moderate (17.1%), Above moderate (42.6%),

The final adjusted allocation for the jurisdiction by income category following the fair share adjustment is:

Very low:	24.2% = 29.5% - (29.5% - 24.7%) x 110%
Low:	15.6% = 16.8% - (16.8% - 15.7%) x 110%
Moderate:	17.1% = 16.6% - (16.6% - 17.1%) x 110%
Above moderate:	43.1% = 37.1% - (37.1% - 42.6%) x 110%

For the detailed analysis of the recommendations of the RHNA Subcommittee approved by the CEHD, please see the November 2, 2006 agenda and attachments for the CEHD Committee.
http://scag.ca.gov/committees/pdf/cehd/2006/november/cehd110206_5_2.pdf

Exhibit “D” – Revision Request Form

Fourth Cycle Regional Housing Needs Assessment Revision Request

Date: _____

County/ Subregion: _____ Jurisdiction: _____

Contact: _____ Phone #/ Email: _____

APPEAL AUTHORIZED BY:

Name: _____

PLEASE CIRCLE BELOW:

Mayor | Chief Administrative Officer (County) | City Manager | Chair of County Board of Supervisors | Other _____

BASIS FOR REVISION REQUEST

AB 2158 Factors (See Government Code Sec. 65584.04 (d))

- ☐ Existing or Protected Job-Housing Balance
- ☐ Infrastructure Constraints for Additional Development
- ☐ Distribution of Household Growth assume for Purposes of Comparable Regional Transportation Plans
- ☐ Market Demand for Housing
- ☐ County-City Agreements to Direct Growth toward Incorporated Areas of County
- ☐ Loss of Units Contained in Assisted Housing Developments
- ☐ Lands Protected from Urban Development under Existing Federal or State Programs
- ☐ High Housing Cost Burdens
- ☐ Housing Needs of Farm workers
- ☐ County Policies to Preserve Prime Agricultural Land

Brief Description of Revision Request and Desired Outcome:

List of Supporting Documentation, by Title and Number of Pages:

1.

2.

3.

4.

FOR STAFF USE ONLY:

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS

Date	Hearing Date	Planner	SCAG Document Reference #
_____	_____	_____	_____

Exhibit “E” – Trade and Transfer Form

Fourth Cycle Regional Housing Needs Assessment
Trade and Transfer Request

Date: _____

Note: Please attach additional pages if more than two jurisdictions are involved.

Jurisdictions proposing to trade and transfer housing need:

1. _____ will trade _____
   name of jurisdiction *# of units*

   Contact: _____ Phone #/ Email: _____

2. _____ will accept _____
   name of jurisdiction *# of units*

   Contact: _____ Phone #/ Email: _____

AUTHORIZATIONS:

PLEASE CIRCLE BELOW:

_____
City Name

Mayor | Chief Administrative Officer (County) | City Manager | Chair of County Board of Supervisors | Other _____

PLEASE CIRCLE BELOW:

_____
City Name

Mayor | Chief Administrative Officer (County) | City Manager | Chair of County Board of Supervisors | Other _____

Please describe the Type of Agreement that will execute the trade and transfer: _____

Please describe the incentives and/or resources that will enable the receiving jurisdiction to provide additional housing choices above their existing housing needs allocation:

Deadline to File: _____

FOR STAFF USE ONLY:

_____ File Date | _____ Planner | _____ SCAG Document Reference #

SOUTHERN CALIFORNIA ASSOCIATION of GOVERNMENTS