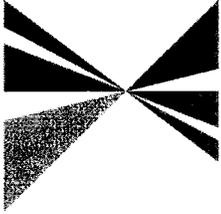


SOUTHERN CALIFORNIA



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**No. 8
MEETING OF THE**

**REGIONAL HOUSING NEEDS
ASSESSMENT SUBCOMMITTEE**

***Friday, September 16, 2011
1:00 – 3:00 p.m.***

**SCAG Office
818 W. 7th Street, 12th Floor
Board Room
Los Angeles, CA 90017
(213) 236-1800**

Teleconference Available

**1609 Winchester Way
Roseville, CA 95661**

**1000 H Street NW,
Washington, D.C., USA 20001**

Videoconference Available

Imperial Office

**1405 North Imperial Avenue, Suite 1
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Orange County Office

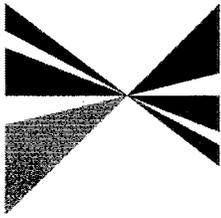
**600 S. Main Street, Suite 912
Orange, CA 92863**

Due to the limited size of the meeting room, participants are encouraged to reserve a seat in advance of the meeting. In the event the meeting room fills to capacity, participants may attend the meeting at the main location or any of the other video-conference locations.

Palmdale City Hall

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Riverside, CA 92501

San Bernardino County Office

1170 W. 3rd Street, Suite 140

San Bernardino, CA 92410

San Bernardino @ Hesperia

County of S.B. High Desert Gov't Center

5900 Smoke Tree St, Training Room B

Hesperia, CA 92345

Ventura Office

950 County Square Drive, Suite 101

Ventura, CA 93003

Coachella Valley Assoc. of Governments

73-710 Fred Waring Drive, Suite 200

Palm Desert, CA 92260

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Ma'Ayn Johnson at (213) 236-1975 or via email johnson@scag.ca.gov

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**Regional Housing Needs Assessment Subcommittee
Member List**

San Bernardino County: Hon. Bill Jahn, Big Bear Lake, District 11 (Alternate): **Chair**
Hon. Ginger Coleman, Apple Valley, District 65 (Primary)

Los Angeles County: Hon. Margaret Finlay, Duarte, District 35 (Primary)
Hon. Steven Hofbauer, Palmdale, District 43 (Alternate)

Orange County: Hon. Sukhee Kang, Irvine, District 14 (Primary)
Hon. Ron Garcia, Brea, OCCOG (Alternate)

Riverside County: Hon. Darcy Kuenzi, Menifee, WRCOG (Primary)
Hon. Randon Lane, Murrieta, WRCOG (Alternate)

Ventura County: Hon. Bryan MacDonald, Oxnard, District 45 (Primary)
Hon. Carl Morehouse, Ventura, District 47 (Alternate)

Imperial County: Hon. Cheryl Viegas-Walker, El Centro, District 1 (Primary)
Hon. Jack Terrazas, Imperial County (Alternate)

REGIONAL HOUSING NEEDS ASSESSMENT

SUBCOMMITTEE

AGENDA

SEPTEMBER 16, 2011

The Regional Housing Needs Assessment 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 & PLEDGE OF ALLEGIANCE

(Hon. Bill Jahn, Chair)

PUBLIC COMMENT PERIOD – Members of the public desiring to speak on items on the agenda, or items not on the agenda, but within the purview of the Committee, must fill out and present a speaker’s card to the Assistant prior to speaking. Comments will be limited to three (3) minutes. The Chair may limit the total time for all comments to (20) twenty minutes.

REVIEW AND PRIORITIZE AGENDA ITEMS

CONSENT CALENDAR

Time **Page**
No.

Approval Item

- | | | | |
|--|------------|--|---|
| 1. <u>Minutes of the August 26, 2011 Meeting</u> | Attachment | | 1 |
| 2. <u>RHNA Subcommittee Topic Outlook</u> | Attachment | | 6 |

Receive and File

- | | | | |
|-----------------------------------|------------|--|---|
| 3. <u>Correspondence Received</u> | Attachment | | 8 |
|-----------------------------------|------------|--|---|

INFORMATION ITEMS

- | | | | |
|--|------------|---------|----|
| 4. <u>Summary Report of AB 2158 Factor Survey Results</u>
<i>(SCAG Staff)</i> | Attachment | 10 min. | 11 |
|--|------------|---------|----|

Staff will provide a summary report of AB 2158 factor surveys received from jurisdictions.

- | | | | |
|---|------------|---------|----|
| 5. <u>Methodology for RHNA Transfers Due to Annexations and Incorporations</u>
<i>(SCAG Staff)</i> | Attachment | 30 min. | 18 |
|---|------------|---------|----|

SCAG staff will present a methodology to determine the transfer of RHNA housing need related to an incorporation of a new city or the annexation by a city of unincorporated county area that occurs after the final RHNA plan is adopted.

CHAIR’S REPORT

**REGIONAL HOUSING NEEDS ASSESSMENT
SUBCOMMITTEE
AGENDA
SEPTEMBER 16, 2011**

STAFF REPORT

(Mark Butala, SCAG Staff)

ANNOUNCEMENTS

ADDITIONAL PUBLIC COMMENT PERIOD

ADJOURNMENT

The next regular meeting of the Regional Housing Needs Assessment Committee will be announced at the September 16 meeting.

**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
REGIONAL HOUSING NEEDS ASSESSMENT SUBCOMMITTEE
MINUTES OF MEETING NO. 7
AUGUST 26, 2011**

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 IN THE OFFICE OF REGIONAL COUNCIL SUPPORT.

The Regional Housing Needs Assessment Subcommittee (RHNA) of the Southern California Association of Governments (SCAG) held its meeting at the SCAG office in Los Angeles. The meeting was called to order by the Hon. Bill Jahn. There was a quorum.

Present

Representing Los Angeles County

Hon. Margaret Finlay, Duarte, District 35 (Primary) – present

Hon. Steve Hofbauer, Palmdale, District 43 (Alternate) – via videoconference

Representing Orange County

Hon. Sukhee Kang, Irvine, District 14 (Primary) – via videoconference

Hon. Ron Garcia, Brea, OCCOG (Alternate) – via teleconference

Representing Riverside County

Hon. Darcy Kuenzi, Menifee, WRCOG (Primary) - via videoconference

Hon. Randon Lane, Murrieta, WRCOG (Alternate) – via videoconference

Representing San Bernardino County

Hon. Bill Jahn, Big Bear Lake, District 11 (Alternate): **Chair** - present

Hon. Ginger Coleman, Apple Valley, District 65 (Primary) – via videoconference

Representing Ventura County

Hon. Bryan MacDonald, Oxnard, District 45 (Primary) – via videoconference

Hon. Carl Morehouse, Ventura, District 47 (Alternate) – via videoconference

Representing Imperial County

Hon. Cheryl Viegas-Walker, El Centro, District 1 (Primary) – via videoconference

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

The Hon. Bill Jahn, Chair, called the meeting to order at 10:05 a.m.

REVIEW AND PRIORITIZE AGENDA ITEMS

CONSENT CALENDAR

Approval Items

1. Minutes of August 12, 2011 Meeting
2. RHNA Subcommittee Topic Outlook

Receive & File

3. List of respondents to the AB 2158 Factor and Replacement Need Survey Matrix
4. Correspondence Received

A motion was made (Finlay) to approve the Consent Calendar. The motion was SECONDED (Coleman) and UNANIMOUSLY approved.

INFORMATION ITEMS

5. Final RHNA Determination from California Department of Housing and Community Development (HCD)

HCD has determined that the range of housing need for the SCAG region for the 5th housing element cycle will be 409,060 to 438,030 units. These are total dwelling units for the SCAG region for the projection period between January 1, 2014 and October 1, 2021, which is a 7.5 year projection period. The range that was given to the region is consistent with the local input received during the two year process that began in 2009 to collect the local input data.

The determination includes several key issues that our local jurisdictions indicated are important to them. These included slower than expected regional growth rates, the exclusion of household growth on tribal lands from the regional determination, adjustments to account for abnormally high vacancies in the current market, and also a reduction in the replacement need for the region. Based on this determination, once SCAG has a final methodology it will apply the methodology to the determination to assign each jurisdiction's housing need for the projection period.

The Hon. Bill Jahn, Chair, then opened the floor to Public Comments.

Kim Fuentes, Deputy Executive Director, South Bay Cities Council of Governments, complimented SCAG staff for working hard with the South Bay cities. SCAG staff met with the cities, heard their concerns, digested the input and took some effective action.

Jim Campbell, City of Newport Beach, stated that the County of Orange had put in an allocation for an area called Banning Ranch in Newport Beach's sphere of influence. Newport Beach does not believe that this project will come on-line within this reporting cycle. Newport Beach is submitting a letter regarding this project that it would like to introduce for the record. Newport Beach would like SCAG staff to review the letter and would be happy to assist staff with looking into the matter.

Sheila Lightfoot, resident, City of West Hollywood, stated that she had looked at SCAG's new number for RHNA and noted that the number is 42% lower than the previous RHNA cycle. She asked if this would cause a reduction from the previous numbers that each jurisdiction had. Will the surplus from the previous RHNA cycle be subtracted or will we be subtracting from the new numbers that were allocated? The 2010 Census reflects that West Hollywood's population had declined 3.8% and its vacancy rate is 8.4%. Are these things that will be considered in West Hollywood's share in this cycle of the RHNA? Will the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) determinations be considered with variable ability across the jurisdictions so that when they look at the information that they have gathered, they will say it has this bearing on this jurisdiction vs. a different bearing on another jurisdiction?

Because of the detail of Ms. Lightfoot's questions, staff responded that it would be appropriate to sit down with Ms. Lightfoot to further discuss her questions in a separate meeting.

Ruben Arceo, Director of Community Development, City of La Mirada and committee member of the Gateway COG, stated that SCAG was aware that the Gateway COG developed its own SCS and there was also discussion about whether to assume responsibility of the RHNA allocation for the Gateway COG region. Gateway COG decided not to take this action as it felt that the experts in the field of RHNA were SCAG.

Lynn Norton, resident, City of Malibu, asked if a city downzones after getting certified in the 4th cycle and the city has property that is zoned at 20 units per acre which was counted in the 4th cycle and downzones it, would those numbers from the lost units add back into the RHNA for the 5th cycle. If you had an acre that was 20 units and you change it to 10 units, do those 10 units come back into the city's RHNA?

Staff suggested that Ms. Norton consult with Malibu's city staff with regard to the city's strategy. Malibu's city attorney and city staff would have to see how best to achieve the number the city would receive for the 5th cycle and what that requires in terms of the city's zoning.

Ms. Norton then asked with SB 375 as it has to do with housing being close to jobs, is SCAG going to get rid of the 110% application of adjustment?

Staff responded that the 110% Social Equity Factor that the RHNA Subcommittee approved at a previous meeting will stay in effect and is not inconsistent with SB 375.

Ms. Norton then asked when there are replacement needs, as an example twenty houses destroyed by a fire, can those units be replaced by exactly what was there before as opposed to having the 110% reapplied to them so they have to be replaced with a different kind of unit that was there before.

Staff responded that the replacement need was one of the most significant and successful parts of SCAG's recent negotiation with HCD. The replacement factor that HCD gave SCAG specifically eliminated 95% of what would have been the replacement need.

Mary Ann MacGillivray, City of Sierra Madre, asked how the 110% Social Equity Factor affects the job/housing balance and how the number was calculated.

Staff responded that when it addresses job/housing balance, it is including all units not just low income units. Staff expects that in this RHNA, as well as the RTP/SCS, it will reflect in partnership with all one hundred ninety seven of SCAG's jurisdictions a gradual improvement towards a better job/housing balance than what currently exists. The 110% factor displays a conservative and modest improvement towards a better balance of low income, and very low income housing compared to market rate housing in every community within the SCAG region.

The Hon. Margaret Finlay stated that Staff had indicated all of the cities in the region should have an approved housing element for the 4th cycle and there were still a number of cities that do not have an approved housing element. Hon. Margaret Finlay requested that staff send notification to the Regional Council (RC) reminding RC members to inform their cities of this.

Hon. Steven Hofbauer stated that he was still trying to figure out 4th cycle housing element certification issues specifically with regard to the implication. Staff suggested that the item be brought back to the Subcommittee to be explained in more detail. Hon. Steve Hofbauer requested that staff provide him with a list of all the cities that were currently not certified.

Hon. Sukhee Kang asked what the time frame was for releasing numbers for each individual city. Staff responded that the RC is anticipated to approve the item at its meeting on November 3rd. Staff tentatively expects to be issuing the draft allocation to all the individual cities sometime between 30-45 days after the RC approves the methodology. Hon. Sukhee Kang then asked if staff will consult with each individual city regarding the numbers, or will SCAG unilaterally announce the numbers at the RC meeting for adoption. Staff replied that it had been consulting with the cities for the past two years. Once the numbers are released as a draft allocation there will be ample opportunity for cities to work with staff to address any potential concerns.

Hon. Darcy Kuenzi pointed out that there were four new cities in Riverside County. These new cities currently do not have numbers or approved housing elements. Hon. Darcy Kuenzi requested that SCAG meet with each new city, or collectively with their City Managers and key leaders, to work out their particular issues.

Hon. Lupe Ramos Watson, stated that she had noted in response to the survey that was sent out to the cities in the SCAG region, that only two of the nine cities in her COG indicated that they had responded. CVAG hopes that with the next RHNA cycle there will be a form of checking in with SCAG to see if the survey responses were submitted so elected officials could help cities participate in the effort. Hon. Lupe Ramos Watson then stated that with respect to the excessive vacancy credit that is being considered, eastern Riverside County has a high rate of foreclosures but also has a high rate of vacancy amongst its seasonal dwellings. Riverside County wants to understand how the seasonal units are being accounted for when staff considers excess vacancy credit. Staff responded that it does take the time to distinguish between seasonal vacancy and permanently occupied rentals.

ACTION ITEM

6. Proposed RHNA Methodology

Ma'Ayn Johnson, SCAG Senior Planner, provided an overview of the proposed RHNA methodology and how the methodology would be applied to the regional determination that SCAG received from HCD. Ms. Johnson addressed specific elements that will be incorporated into the proposed RHNA methodology. Ms. Johnson also explained how the percentages are applied to owner occupied units versus renter occupied units.

A motion was made (Kuenzi) that the proposed RHNA methodology be presented to the Community, Economic, & Human Development Committee (CEHD) for further recommendation, and to the RC for adoption. The motion was SECONDED (Finlay). A roll call vote was taken by county. The motion was UNANIMOUSLY approved.

CHAIR'S REPORT

The Hon. Bill Jahn thanked the Hon. Margaret Finlay for chairing the last meeting of the Subcommittee in his absence.

STAFF REPORT

Hon. Pam O'Connor, Regional Council President, designated that the RC take the first hour of its September 1st meeting to discuss the RTP/SCS Regional Housing Needs Assessment. Members of SCAG Policy Committees are invited to attend the first hour of the RC meeting.

SCAG has heard back from the City of Los Angeles Staff that the Los Angeles City Council had approved its staff recommendation to not accept delegation. Thus, there will be no sub regional delegation for the 5TH cycle of RHNA.

ANNOUNCEMENTS

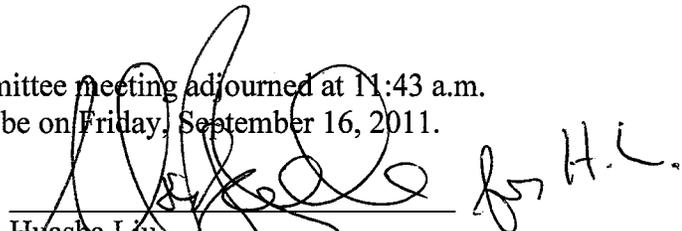
Hon. Bill Jahn announced that Harvey Rose, City Manager of the City of Ridgecrest, passed away last night. The meeting was adjourned in the name of Harvey Rose.

ADDITIONAL PUBLIC COMMENT

None

ADJOURNMENT

The Regional Housing Needs Assessment Subcommittee meeting adjourned at 11:43 a.m. The next meeting of the RHNA Subcommittee will be on Friday, September 16, 2011.


Hyasha Liu
Director, Land Use and
Environmental Planning

Draft RHNA Schedule (February 2011 to September 2012)

RHNA Subcommittee Topic Outlook

Meeting	Proposed Date	Subject	Action
1	February 23, 2011	Overview of RHNA Process; review RHNA Task Force recommendations; RHNA work plan and schedule; subregional delegation guidelines; evaluate issues between the DOF and Census projections; notification to HCD and Caltrans of RTP/SCS adoption date; discussion on Integrated Growth Forecast foundation	Approve charter; approve RHNA work plan and schedule; recommend to CEHD to notify HCD and Caltrans of RTP/SCS adoption date
2	March 22, 2011	Subcommittee Charter; subregional delegation	Approve the RHNA Subcommittee Charter
3	April 19, 2011	Changes to housing element requirements; AB 2158 factor discussion; draft RHNA methodology framework, Subregional delegation agreement	
4	May 27, 2011	Regional determination update; Social equity adjustment discussion; Subregional delegation agreement,	Provide direction on subregional delegation
5	June 24, 2011	Update on RHNA consultation with HCD; social equity adjustment; replacement needs survey; AB 2158 factor survey	Recommend a social equity adjustment to CEHD
6	August 12, 2011	Replacement need survey results; AB 2158 factor survey results; continued discussion on methodology: overcrowding; at-risk affordable units; high housing cost burdens; farmworker housing	
7	August 26, 2011	Continued discussion on proposed RHNA methodology	Recommend proposed methodology to CEHD
8	September 16, 2011	RHNA annexation policy	
9	October 14, 2011	RHNA annexation policy	Recommend a RHNA annexation policy to CEHD
10	October 31 - November 2, 2011	Final RHNA methodology	Recommend final methodology to CEHD (if needed)
11	December 9, 2011	Discussion on draft RHNA Allocation	
12	January 13, 2012	Continued discussion on draft RHNA allocation; RHNA revisions and appeals process guidelines	Recommend draft RHNA allocation to CEHD; recommend RHNA revisions and appeals process guidelines
13	July 2012	Review submitted revision requests	
14	July 2012	Review submitted revision requests	Results of revision requests
15	Mid-September 2012	Hearing on appeals	
16	Mid-September 2012	Hearing on appeals	
17	Mid-September 2012	Hearing on appeals	
18	Mid-September 2012	Final meeting	Recommend to CEHD appeals results and RHNA determinations

Draft RHNA Schedule (February 2011 to September 2012)

CEHD and Regional Council

Proposed Date	Meeting	Action
March 3, 2011	CEHD	Approve Subcommittee charter; approve RHNA schedule and work plan
April 7	CEHD	Approve Subcommittee charter
April 7	Regional Council	Approve RHNA schedule
June 2	CEHD and Regional Council	Approve subregional delegation agreement
June 2	Regional Council	Approve Subcommittee charter
September 1	CEHD	Recommend release of proposed RHNA methodology
September 1	Regional Council	Release proposed RHNA methodology
November 3	CEHD	Recommend RHNA annexation policy; recommend final RHNA methodology (if needed)
November	Regional Council	Approve final RHNA methodology; approve RHNA annexation policy
February 2 2012	CEHD	Recommend Regional Council approval of draft RHNA allocation; recommend approval RHNA revisions and appeals process guidelines
March 1	Regional Council	Approve draft RHNA allocation; approve RHNA revisions and appeals process guidelines
October 6, 2012	CEHD	Approve proposed final RHNA allocation
October 6, 2012	Regional Council	Public hearing to adopt final RHNA allocation



City of Hermosa Beach

Civic Center, 1315 Valley Drive, Hermosa Beach, CA 90254-3885 Tel: (310) 318-0242

August 25, 2011

The Honorable Bill Jahn, Chair
Regional Housing Needs Assessment Subcommittee
Southern California Association of Governments
818 West Seventh St., 12th floor
Los Angeles, CA 90017-3435

Subject: RHNA Methodology for Replacement Housing Units

Honorable Chair Jahn and RHNA Subcommittee Members:

Hermosa Beach has reviewed the proposed RHNA methodology set forth in the August 26, 2011 RHNA Subcommittee agenda materials and strongly supports with the proposed methodology especially as pertains to replacement units. Hermosa Beach staff also met with Huasha Liu, Frank Wen and Ma'Ayn Johnson on August 25.

The proposed Methodology and replacement unit figures in Appendix 5 take into account that Hermosa Beach replaced all units lost to demolition. This methodology resolves the City's previously stated concerns.

We would like to thank SCAG staff for their responsiveness to the concerns expressed by Hermosa Beach and the South Bay Cities Council of Governments, which are shared by a number of other Beach cities, and commend SCAG's success in achieving a fair resolution of this issue in consultation with HCD.

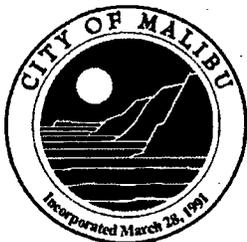
Please contact me at (310) 318-0201 or Ken Robertson, Community Development Director at (310) 318-0240 if you have questions.

Sincerely,


Stephen R. Burrell
City Manager

cc:

Hasan Ikhata, Executive Director, SCAG
Huasha Lui, Director, Land Use and Environmental Planning, SCAG
Ma'Ayn Johnson, Senior Regional Planner, SCAG
Frank Wen, Manager, Research, Analysis and Information Services, SCAG
Jacki Bacharach, Executive Director, SBCCOG
Kim Fuentes, Deputy Executive Director, SBCCOG



City of Malibu

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August 25, 2011

The Honorable Bill Jahn, Chair
Regional Housing Needs Assessment Subcommittee
Southern California Association of Governments
818 West Seventh St., 12th floor
Los Angeles, CA 90017-3435

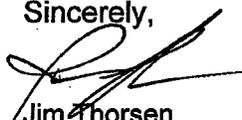
Subject: RHNA Methodology

Honorable Chair Jahn and RHNA Subcommittee Members:

The regional total RHNA allocation and methodology that has been successfully negotiated with HCD represents a significant milestone in the RHNA process and we sincerely appreciate the efforts of SCAG staff in negotiating the reduced regional total. While we still believe the level of household growth assumed in the May 2011 Draft Integrated Growth Forecast exceeds Malibu's realistic potential, especially given the limitations on water supply and wastewater treatment facilities, we appreciate the willingness of SCAG staff to continue working with us to address the issues identified in our June 2nd letter. We also appreciate Executive Director Ikhata attending our City Council meeting earlier this week to answer questions from the Council and public as well the time spent by Mr. Williford, Ms. Liu, Dr. Wen, and Ms. Johnson meeting with Malibu staff today.

We look forward to continuing to work cooperatively with SCAG through the remainder of the RHNA process. Please contact Planning Director Joyce Parker-Bozylinski at (310) 456-2489 ext. 265 if you have questions.

Sincerely,



Jim Thorsen
City Manager

cc: Hasan Ikhata, Executive Director, SCAG
Doug Williford, Deputy Executive Director, SCAG
Huasha Lui, Director, Land Use and Environmental Planning, SCAG
Frank Wen, Ph.D., SCAG
Ma'Ayn Johnson, SCAG



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PLANNING DIVISION

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August 26, 2011

Honorable Bill Jahn Chair
Regional Housing Needs Assessment Subcommittee
Southern California Association of Governments
818 West Seventh Street., 12th Floor
Los Angeles , CA 90017-3435

Subject: RHNA Methodology

Honorable Chair Jahn and RHNA Subcommittee Members,

The City of Newport Beach has concerns regarding the proposed RHNA methodology. In particular, the methodology for assigning RHNA for unincorporated areas within a city's sphere of influence and how RHNA will be assigned for areas annexed during this planning period. The City of Newport Beach understands that a large part of RHNA development is based on local input; however, individual cities do not have direct control over the county projections. The City of Newport Beach is strongly concerned that an unrealistic projected increase in housing was reported for the unincorporated Newport Banning Ranch area. The environmental work for this 400+ acre areas has not yet been completed nor have any legislative approvals been secured.

The subcommittee's draft RHNA schedule indicates that the RHNA annexation policy will be recommend on September 16, 2011. Therefore, we request that the RHNA Subcommittee defer the final methodology recommendation until the annexation policy and RHNA transfer component of the methodology are fully vetted.

The City is committed to working with other jurisdictions and SCAG to address this matter.

Sincerely,

Kimberly Brandt, AICP, Community Development Director
949-644-3200
kbrandt@newportbeachca.gov

cc:

Hasan Ikharta, Executive Director, SCAG
Ma'Ayn Johnson, Senior Regional Planner, SCAG

REPORT

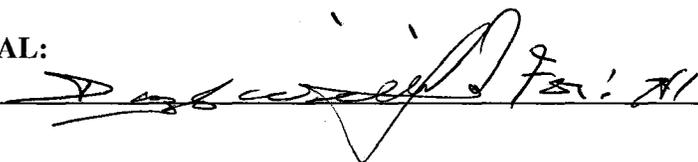
DATE: September 16, 2011

TO: Regional Housing Need Allocation (RHNA) Subcommittee

FROM: Frank Wen, Manager, Research, Analysis and Information Services, 213-236-1854, wen@scag.ca.gov
 Ma'Ayn Johnson, Senior Regional Planner, Comprehensive Planning, 213-236-1975, johnson@scag.ca.gov

SUBJECT: Summary Report of AB 2158 Factor Survey Results

EXECUTIVE DIRECTOR'S APPROVAL:



RECOMMENDED ACTION:

For Information Only – No Action Required.

EXECUTIVE SUMMARY:

As part of RHNA process, SCAG is required by state housing law to conduct a survey of local planning factors that identify opportunities and constraints in the development of the RHNA methodology. For the 5th RHNA cycle, SCAG distributed the local planning factors survey and reviewed responses received.

STRATEGIC PLAN:

This item supports SCAG's Strategic Plan; Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective a: Create and facilitate a collaborative and cooperative environment to produce forward thinking regional plans.

BACKGROUND:

Per Government Code Section 65584.04(b), SCAG is required to conduct a survey of each of its jurisdictions regarding planning factors that will affect RHNA household distribution. These factors, also referred to as the AB 2158 factors, provide SCAG input that may affect a jurisdiction's forecasted household growth and distribution in RHNA methodology. For the 5th RHNA cycle, SCAG distributed surveys in June 2011. As of August 20, 2011, 84 responses were received (out of 197 jurisdictions). Staff reviewed the responses while developing the proposed methodology.

The following is the list of the 13 local planning factors, which are specified in state housing law:

Existing and projected jobs and housing relationship	Lack of capacity for sewer or water service
Availability of land suitable for urban development	Lands protected from urban development under existing programs
County policies to preserve agricultural land within an unincorporated area	The distribution of household growth assumed for the Regional Transportation Plan and opportunities to maximize existing transportation infrastructure
The loss of low-income housing units in assisted housing developments	The market demand for housing

REPORT

Agreements between a county and cities to direct growth toward unincorporated areas	High housing cost burdens
Housing needs of farm workers	Housing needs generated by the presence of a university

Other factors can be surveyed as well if they are adopted by SCAG, but no other factors were adopted for the 5th RHNA cycle. SCAG is required to explain how each of these factors was incorporated into the RHNA methodology, and is permitted to include numerical weighting of the factors. However, per Government Code Section 65584.04 (f), SCAG cannot consider or determine a jurisdiction’s local share using any ordinance, policy, or voter-approved measure that directly or indirectly limits the number of residential building permits issued by a jurisdiction.

In the 2012 RHNA proposed methodology, SCAG staff has provided explanation of how the local planning factor survey results were used as source information in the development of the methodology. Below is a summary of results by factor, along with an explanation of how each factor was integrated. The proposed methodology and its supporting technical appendices can be found online at www.scag.ca.gov/rhna.

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

Staff evaluation and assessment of responses from SCAG’s survey to local jurisdictions indicated that the Integrated Growth Forecast process and results have adequately addressed and maintained the existing and projected jobs/housing balance for most of the counties, subregions, and cities in the SCAG region. However, the jobs/housing balance issue may need to be further discussed through the RTP/SCS process to credibly promote additional job growth in areas where desirable jobs/housing ratios are difficult to achieve. Most responses received noted that their respective jurisdictions have a good jobs and housing balance currently and do not project major shifts.

The resulting jobs/housing relationships show a gradual improvement for all local jurisdictions throughout the forecasting/planning horizon. In addition, spatial distribution of SCAG’s jobs/housing ratio can be analyzed by the Index of Dissimilarity (IOD). An IOD ranges from 0 to 1. If IOD is 0, then the region is perfectly balanced because each subarea will be exactly the same as the regional figure. If IOD is 1, then the region is completely imbalanced, meaning that there is great diversity from one zone to the next. Using the IOD to analyze the Integrated Growth Forecast, it can be seen that growth from 2011 to 2021 shows improvement in jobs/housing balance throughout the SCAG region. The full analysis can be found as part of Appendix III of the proposed RHNA methodology.

(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.

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Consideration of the above planning factors has been incorporated into the Integrated Growth Forecast process and results by way of analysis of aerial land use data, general plan, parcel level property data from tax assessor's office, open space, agricultural land and resources areas, and forecast surveys distributed to local jurisdictions. The Integrated Growth Forecast process started with an extensive outreach effort involving all local jurisdictions regarding their land use and development constraints. All subregions and local jurisdictions were invited to provide SCAG their respective growth perspective and inputs. In addition, Transit Priority Project growth opportunity areas defined by Public Resources Code and transportation efficient places as defined by mortgage & transportation costs efficient areas are identified throughout the region to redirect growth that favors an urban form consistent with equity, efficiency, regional mobility, and air quality goals.

Moreover, staff evaluation and assessment of responses from this survey of local jurisdictions concluded that the above factors may need to be further considered before a draft housing needs allocation is determined for a few jurisdictions. SCAG's Integrated Growth Forecast process and results have adequately incorporated these factors for almost all counties and cities in the SCAG region.

- (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 current version of projected household growth and distribution is consistent with the Integrated Growth Forecast process and results, and is also used to develop the 2012 RTP/SCS. As mentioned above, Transit Priority Project growth opportunity areas defined by Public Resources Code and transportation efficient places as defined by mortgage and transportation costs efficient areas are identified throughout the region for each local jurisdiction to redirect growth favoring an urban form consistent with equity, efficiency, regional mobility, and air quality goals.

- (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 into the forecasting methodology and model throughout all geographic levels. In addition, SCAG's Integrated Growth Forecast process and results have incorporated the latest economic statistics and updated data from the 2010 Census. Yet from staff evaluation and assessment of jurisdictions' responses to the AB 2158 factors survey, local jurisdictions are all concerned about the continuing weakness and depressed state of the housing market, and anticipate very negative impacts on economic and job growth. All these point to a persistent high level of vacancy rates, if not higher, in the foreseeable future. SCAG researched the number of "excess" vacant units from for sale, for rent, and from other vacant units and it was proposed to HCD to use these "excess" units to partially meet the projected future housing needs in the region, which will help all counties and cities in the SCAG region to effectively address their concerns.

REPORT

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

This is addressed through an extensive survey of all local jurisdictions and subregion/local jurisdiction inputs/comments process. In addition, a GIS/Data packet including agricultural lands, spheres of influence (SOI), open space, etc, were produced and provided to each local jurisdiction and subregion as a basis to develop the RTP/SCS and RHNA.

Moreover, staff's evaluation of responses from the local jurisdiction survey concluded that agreement between a county and cities in a county to direct growth toward incorporated areas of the county only occurred in Ventura County, and it has been adequately addressed and incorporated into the Integrated Growth Forecast process and results through bottom-up input received from Ventura County local jurisdictions.

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

The conversion of low-income units into non-low-income uses is not explicitly addressed through the Integrated Growth Forecast process. Staff has provided statistics to local jurisdictions on the potential loss of units in assisted housing developments. The loss of such units affects the proportion of affordable housing needed within a community and the region as a whole.

In addition, staff's assessment and evaluation of responses from the survey of this factor concluded that local jurisdictions had provided adequate documentation and discussion about their assisted affordable units and potential losses, and as was in last cycle of RHNA is best addressed through combining an existing housing needs statement 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 to local jurisdictions to adequately plan for the loss of at-risk, low-income units in preparing their housing elements.

(7) High-housing costs burdens.

The collapse of the sub-prime mortgage market in 2007 was one of the key factors causing the Great Recession. Currently the housing market remains severely depressed; the volume of transactions, prices, and permits issued are all at historical lows. In contrast, the housing affordability is at historical high due to high inventory of distressed properties from foreclosures. Thus current concerns on the housing market were translated into the Integrated Growth Forecast process and results are primarily focused on job growth and reductions in unemployment rates, such that people can afford housing in the future and will form new households. This is consistent with staff evaluation and assessment of jurisdictions' responses of the local planning factor survey that jurisdictions are concerned about the continuing weakness and depressed state of the housing market, and their negative impacts on economic and job growth. All these issues pointed to a persistent high level of vacancy rates, if not higher, in the foreseeable future. SCAG's analysis of "excess" vacant units from for sale, for rent, and from other vacant units and the proposal to HCD to use these "excess" units to partially meet the projected future housing needs in the region will help all local jurisdictions to effectively address their concerns.

(8) The housing needs of farm workers.

REPORT

The Integrated Growth Forecast provides 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.

The housing needs of farm workers are not always included in a housing Allocation Methodology. Farm worker housing needs are concentrated geographically and across farm communities in specific SCAG region counties and sub areas. However, staff evaluation and assessment of responses from the local planning factor survey indicate that farm worker housing needs are only applicable to a few jurisdictions, and have been mostly addressed locally. As the policy adopted in the last cycle of RHNA combines an existing housing needs statement with giving local jurisdictions the discretion to deal with farm worker housing needs, this factor will not be formally addressed in SCAG's Allocation Methodology. Instead, SCAG will provide the farm worker housing needs data for local jurisdictions to adequately plan for such need in preparing their housing elements. These data include:

- Farm workers by Occupation
- Farm workers by Industry
- Place of work for Agriculture

(9) 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.

Staff prepared enrollment estimates for private university or a campus of California State University or the University of California by SCAG region cities and counties as part of the statistics for existing housing needs. Also, from assessment and evaluation of local jurisdiction's responses to the local planning factor survey, most housing needs related to university enrollment are addressed and met by on-campus dormitories provided by universities; no jurisdictions expressed concerns about student housing needs due to presence of universities in their communities.

(10) 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.

REPORT

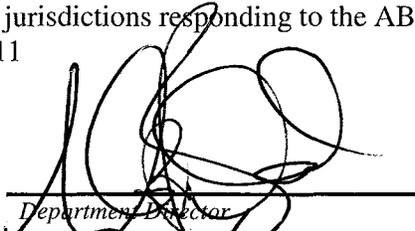
FISCAL IMPACT:

Work associated with this item is included in the current FY 11-12 General Fund Budget (12-800.0160.03:RHNA).

ATTACHMENT:

Letter response to jurisdictions responding to the AB 2158 Factor Survey by August 20, 2011, dated September 13, 2011

Reviewed by:

 for H.L.

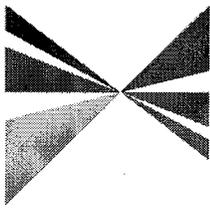
Department Director

Reviewed by:



Chief Financial Officer

SOUTHERN CALIFORNIA



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September 13, 2011

<First Name> <Last Name>
<Title/Director of Planning>
<Jurisdiction>
<Street>
<City> <State> <ZIP Code>

Dear <First Name> <Last Name>,

Thank you for responding to the Local Planning Factor ("AB 2158 Factor") Survey that SCAG distributed to jurisdictions as part of the development of the proposed 5th Regional Housing Needs Assessment (RHNA) cycle methodology on June 15, 2011. Your survey responses were reviewed by SCAG staff and considered as part of the RHNA methodology development for the region.

We have included with this letter the proposed RHNA methodology, which was recommended by the RHNA Subcommittee on August 26, 2011, and subsequently approved for distribution by the Community, Economic & Human Development Committee and Regional Council on September 1, 2011. Should you have more input, we welcome you to provide your comments at the two public hearings on the proposed methodology, which will be held on October 11 and October 19, or at any time during the 60-day public comment period that will end on October 31, 2011.

If you have any questions, please feel free to contact Ma'Ayn Johnson, at 213-236-1975, or johnson@scag.ca.gov. We look forward to working with you to ensure a fair and transparent 5th RHNA cycle.

Sincerely,

Huasha Liu
Director, Land Use & Environmental Planning
Southern California Association of Governments

Attachments: 5th RHNA Cycle Proposed RHNA Methodology, approved for distribution on September 1, 2011

HL: mj

REPORT

DATE: September 16, 2011

TO: Regional Housing Needs Assessment (RHNA) Subcommittee

FROM: Frank Wen, Manager, Research, Analysis and Information Services, 213-236-1854, wen@scag.ca.gov
Ma'Ayn Johnson, Senior Regional Planner, Comprehensive Planning, 213-236-1975, johnson@scag.ca.gov

SUBJECT: Methodology for RHNA Transfers Due to Annexations and Incorporations

EXECUTIVE DIRECTOR'S APPROVAL:



RECOMMENDED ACTION:

Information Only – No Action Required.

EXECUTIVE SUMMARY:

SCAG staff has developed a methodology for the purposes of determining the transfer of RHNA housing need related to an incorporation of a new city or the annexation by a city of unincorporated county area that occurs after the final RHNA plan is adopted, in the event that the two parties do not reach a mutual agreement. This transfer methodology is consistent with the proposed allocation methodology for the 5th RHNA cycle recommended by the Regional Council on September 1, 2011.

STRATEGIC PLAN:

This item supports SCAG's Strategic Plan; Goal 1: Improve Regional Decision Making by Providing Leadership and Consensus Building on Key Plans and Policies; Objective a: Create and facilitate a collaborative and cooperative environment to produce forward thinking regional plans.

BACKGROUND:

AB 242 (Blakeslee), which was codified into state law in 2008 as part of Government Code Section 65584.07, governs the transfer of regional housing needs between a county and city in the event of an annexation or incorporation after the adoption of the final RHNA plan. If both parties reach a mutual agreement for the transfer of RHNA need, then the parties must submit its agreement to SCAG and the transfer agreement is effective immediately upon receipt.

However, if a transfer agreement cannot be reached by both parties, either party may submit a written request to SCAG to consider the facts, data, and methodology presented by both parties and SCAG would thereafter make a determination as to the number of units, by income category, that should be transferred from the county's allocation to the city. SCAG has 180 days from receipt of this written request to finalize the RHNA transfer for the city and county.

The SCAG region has experienced several incorporations and annexations, which occurred after the final 4th cycle RHNA plan was adopted. As a result, the provisions in Government Code Section 65584.07 were applied. SCAG staff anticipates that incorporations and annexations may also occur after the 5th cycle RHNA plan is adopted in October 2012. For this reason, SCAG staff finds it important to consider as part of the development of the 5th cycle RHNA, a methodology for addressing potential future transfer requests made by counties or cities in the SCAG region for incorporations and annexations, which occur after the 5th

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cycle RHNA plan is adopted, and where the entities are unable to reach a mutual agreement relating to the appropriate transfer of RHNA need.

The SCAG proposed allocation methodology for the 5th RHNA cycle, which was approved for distribution by the Regional Council on September 1, 2011, provides two key policies for determining housing need at the sub-jurisdictional level for cases of incorporation and annexation. The two principles described are:

1. Potential RHNA transfers will assess future growth within spheres of influence (SOI) areas; and
2. For areas outside a sphere of influence, the proposed methodology recognizes the existence of the small area dataset used for the Regional Transportation Plan (RTP)/ Sustainable Communities Strategy (SCS) modeling as a framework to derive RHNA transfers in those specific areas.

The jurisdictional boundaries that serve as the starting point for analysis for the 5th RHNA cycle will be based on the dataset as of January 1, 2011 and any future relevant changes.

After the 5th cycle RHNA plan is adopted, either a county or city may request that SCAG make the determination as to the number of RHNA units to be transferred. SCAG staff proposes to apply the following steps, consistent with the 5th cycle proposed allocation methodology:

1. Determine the transfer units based on household growth assigned in the SOI areas through the Integrated Growth Forecast;
2. For annexations occurring in areas not covered by SOI, determine the transfer units based on General Plan designations and small area household figures at Tier 2 Transportation Analysis Zone (TAZ) level used for corresponding modeling analysis of RTP/SCS, and distribute those households based on proportion of developable land, if applicable;
3. Adjust above household figures with healthy market vacancy allowance and replacement needs, if any; and
4. Ensure that the transfer determination is consistent with the adopted RHNA methodology used to distribute the share of regional housing need pursuant to Government Code Section 65584.04.

The 5th RHNA cycle methodology is anticipated to be adopted by the Regional Council on November 3, 2011, and the final RHNA plan is anticipated for adoption in October 2012. To maintain consistency between the 4th and 5th RHNA planning periods, the RHNA transfer methodology will apply to incorporations and annexations occurring after October 2012, and only upon the written request by either the respective county or city for SCAG to make the determination regarding the number of RHNA units to be transferred. For incorporations and annexations occurring before October 2012, SCAG will use the 2008 RTP small area Growth Forecast dataset used for the 4th RHNA cycle. SCAG will follow a similar process described above, but use the 2008 RTP Growth Forecast.

Pending input from the RHNA Subcommittee, staff intends to incorporate the RHNA transfer methodology noted above into a more formal policy and procedures document that will be presented to the RHNA Subcommittee, Community, Economic & Human Development Committee, and the Regional Council at a future date.

REPORT

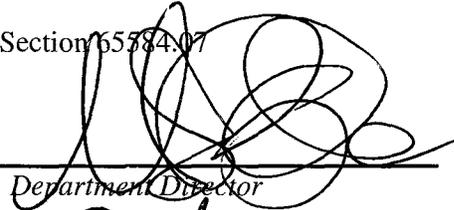
FISCAL IMPACT:

Work associated with this item is included in the current FY 11-12 General Fund Budget (12-800.0160.03: RHNA).

ATTACHMENT:

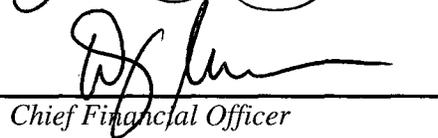
Government Code Section 65584.07

Reviewed by:



Department Director for H.L.

Reviewed by:



Chief Financial Officer

Government Code Section 65584.07

Effective: January 1, 2009

→ § 65584.07. Reduction of county share of regional housing needs; conditions; amended housing elements; revision upon incorporation of new city; revision upon annexation

(a) During the period between adoption of a final regional housing needs allocation and the due date of the housing element update under Section 65588, the council of governments, or the department, whichever assigned the county's share, shall reduce the share of regional housing needs of a county if all of the following conditions are met:

(1) One or more cities within the county agree to increase its share or their shares in an amount equivalent to the reduction.

(2) The transfer of shares shall only occur between a county and cities within that county.

(3) The county's share of low-income and very low income housing shall be reduced only in proportion to the amount by which the county's share of moderate- and above moderate-income housing is reduced.

(4) The council of governments or the department, whichever assigned the county's share, shall approve the proposed reduction, if it determines that the conditions set forth in paragraphs (1), (2), and (3) above have been satisfied. The county and city or cities proposing the transfer shall submit an analysis of the factors and circumstances, with all supporting data, justifying the revision to the council of governments or the department. The council of governments shall submit a copy of its decision regarding the proposed reduction to the department.

(b)(1) The county and cities that have executed transfers of regional housing needs pursuant to subdivision (a) shall use the revised regional housing need allocation in their housing elements and shall adopt their housing elements by the deadlines set forth in Section 65588.

(2) A city that has received a transfer of a regional housing need pursuant to subdivision (c) shall adopt or amend its housing element within 30 months of the effective date of incorporation.

(3) A county or city that has received a transfer of regional housing need pursuant to subdivision (d) shall amend its housing element within 180 days of the effective date of the transfer.

(4) A county or city is responsible for identifying sites to accommodate its revised regional housing need by the deadlines set forth in paragraphs (1), (2), and (3).

(5) All materials and data used to justify any revision shall be made available upon request to any interested party within seven days upon payment of reasonable costs of reproduction unless the costs are waived due to economic hardship. A fee may be charged to interested parties for any additional costs caused by the amendments made to former subdivision (c) of Section 65584 that reduced from 45 to 7 days the time within which materials and data were required to be made available to interested parties.

(c)(1) If an incorporation of a new city occurs after the council of governments, subregional entity, or the department for areas with no council of governments, has made its final allocation under Section 65584.03, 65584.04, 65584.06, or 65584.08, a portion of the county's allocation shall be transferred to the new city. The city and county may reach a mutually acceptable agreement for transfer of a portion of the county's allocation to the city, which shall be accepted by the council of governments, subregional entity, or the department, whichever allocated the county's share. If the affected parties cannot reach a mutually acceptable agreement, then either party may submit a written request to the council of governments, subregional entity, or to the department for areas with no council of governments, to consider the facts, data, and methodology presented by both parties and determine the number of units, by income category, that should be transferred from the county's allocation to the new city.

(2) Within 90 days after the date of incorporation, either the transfer, by income category, agreed upon by the city and county, or a written request for a transfer, shall be submitted to the council of governments, subregional entity, or to the department, whichever allocated the county's share. A mutually acceptable transfer agreement shall be effective immediately upon receipt by the council of governments, the subregional entity, or the department. A copy of a written transfer request submitted to the council of governments shall be submitted to the department. The council of governments, subregional entity, or the department, whichever allocated the county's share, shall make the transfer effective within 180 days after receipt of the written request. If the council of governments allocated the county's share, the transfer shall be based on the methodology adopted pursuant to Section 65584.04 or 65584.08. If the subregional entity allocated the subregion's share, the transfer shall be based on the methodology adopted pursuant to Section 65584.03. If the department allocated the county's share, the transfer shall be based on the considerations specified in Section 65584.06. The transfer shall neither reduce the total regional housing needs nor change the regional housing needs allocated to other cities by the council of governments, subregional entity, or the department. A copy of the transfer finalized by the council of governments or subregional entity shall be submitted to the department. The council of governments, the subregional entity, or the department, as appropriate, may extend the 90-day deadline if it determines an extension is consistent with the objectives of this article.

(d)(1) If an annexation of unincorporated land to a city occurs after the council of governments, subregional entity, or the department for areas with no council of governments, has made its final allocation under Section 65584.03, 65584.04, 65584.06, or 65584.08, a portion of the county's allocation may be transferred to the city. The city and county may reach a mutually acceptable agreement for transfer of a portion of the county's allocation to the city, which shall be accepted by the council of governments, subregional entity, or the department, whichever allocated the county's share. If the affected parties cannot reach a mutually acceptable agreement, then either party may submit a written request to the council of governments, subregional entity, or to the department for areas with no council of governments, to consider the facts, data, and methodology presented by both parties and determine the number of units, by income category, that should be transferred from the county's allocation to the city.

(2)(A) Except as provided under subparagraph (B), within 90 days after the date of annexation, either the transfer, by income category, agreed upon by the city and county, or a written request for a transfer, shall be submitted to the council of governments, subregional entity, and to the department. A mutually acceptable transfer agreement shall be effective immediately upon receipt by the council of governments, the subregional entity, or the department. The council of governments, subregional entity, or the department for areas with no council of governments, shall make the transfer effective within 180 days after receipt of the written request. If the council of governments allocated the county's share, the transfer shall be based on the methodology adopted pursuant to Section 65584.04 or 65584.08. If the subregional entity allocated the subregion's share, the transfer shall be based on the methodology adopted pursuant to Section 65584.03. If the department allocated the county's share, the transfer shall be based on the considerations specified in Section 65584.06. The transfer shall neither reduce the total regional housing needs nor change the regional housing needs allocated to other cities by the council of governments, subregional entity, or the department for areas with no council of governments. A copy of the transfer finalized by the council of governments or subregional entity shall be submitted to the department. The council of governments, the subregional entity, or the department, as appropriate, may extend the 90-day deadline if it determines an extension is consistent with the objectives of this article.

(B) If the annexed land is subject to a development agreement authorized under subdivision (b) of Section 65865 that was entered into by a city and a landowner prior to January 1, 2008, the revised determination shall be based upon the number of units allowed by the development agreement.

(3) A transfer shall not be made when the council of governments or the department, as applicable, confirms that the annexed land was fully incorporated into the methodology used to allocate the city's share of the regional housing needs.