REPORT

DATE: **November 3, 2005**

TO: **Community Economic and Human Development Community Development Committee**

FROM: **Hasan Ikhrata, Director, Planning and Policy Department**

RE: **Regional Housing Needs Assessment and 'House Your Own" Planning**

EXECUTIVE DIRECTOR'S APPROVAL:

RECOMMENDED ACTION:
Pursue an alternative approach to RHNA which allows greater consistency between the forecast the region prepares for the RTP and the housing need input from local government.

SUMMARY:
SCAG's focus will be to develop a policy rather than a statistically based RHNA that emphasizes the use of improved growth data locally to help subregions and communities "house their own", and identify priority investment zones where incentives may be targeted to encourage additional housing development, i.e. Compass 2% Strategy areas identified locally. SCAG executive staff has been in discussion with the Secretary of Business, Transportation and Housing on this issue over the last several months.

Key elements of this approach include:

- Prepare a policy based RHNA that conforms to the House Your Own concept instead of the existing housing law statue.
- Develop a 20 year housing forecast for local governments under direction from the State.
- Fund the "House Your Own" RHNA with federal Blueprint transportation resources allocated by the State.
- Prepare a letter to HCD outlining this approach and identifying a preliminary SCAG regional housing need estimate as a basis for beginning consultation by January 2006.
- Request that the State hold SCAG harmless from lawsuits in pursuit of the above referenced approach.

The settlement agreement between SCAG and the State, resolving the litigation after the last RHNA requires SCAG to support legislative efforts consistent with the approach to the RHNA that the staff is recommending. However, it should be kept in mind that this approach has not yet been enacted into law and therefore, absent either a change in the law or adequate assurances from the state, the proposed approach may be subject to legal challenge.

BACKGROUND:

Councils of Government (COGs) have a set of new statutory obligations to prepare regional housing needs assessments (RHNA), as part of the local housing element statutory update requirement. The COG requirements and milestones for meeting housing need determination requirements are contained in one part of the updated housing element law (AB2158l), while the use of RHNA targets are provided in another updated section (AB2358). New housing element reform legislation affects the current process, and there is a great deal of uncertainty about how the RHNA process will be funded as reimbursement from the Local State Mandate Commission for RHNA expenditures is no longer permitted. There is authority to charge fees in order to recover costs.

The State Department of Housing and Community Development (HCD) recently approved SCAG's request to coordinate the next RHNA with its 2007 Regional Transportation Plan forecasting. The July 6 letter is posted on the SCAG website. Key milestones and dates are:

- Duration of housing elements in the SCAG region will be 6 years;
- Consultation on the region's share of statewide housing need starts 11-1-05.
- Determination of region's share of statewide housing need occurs by 5-1-06.
- Final determination of local housing allocation shares occurs by 7-1-07.
- Adopted local housing elements due to State HCD by 7-1-08.

Using building permits as a performance benchmark, collectively, the region exceeded its 1998-2005 RHNA housing goal by 114% by issuing 60,563 building permits. The RHNA target was 437,984 housing units over the planning period, and 498,547 building permits were issued. This resulted from focused SCAG initiatives to promote more infill housing, job housing balance and suburban development, while convening annual Regional Housing Summits to promote more production

FISCAL IMPACT: Preparing an option paper for the Administration committee next month assessing potential impacts.