

The Linkage between the Sustainable Community Strategy and the Regional Housing Needs Assessment (RHNA)

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The scheduled 2012 RHNA will set local housing and zoning goals to support future growth, including transit oriented, mixed use and infill development. These local goals are in turn aggregated into a region wide Sustainable Community Strategy (SCS) to fairly allocate Green House Gas (GHG) emission reduction targets across the region. SB 375 calls for a RHNA to be consistent with an SCS, and a Regional Transportation Plan (RTP) must be coordinated with an SCS and RHNA over eight years even though the transportation plan is updated every four years.

The RTP development pattern must comply with federal law, which requires that any updated growth pattern be based upon "current planning assumptions" that include the information in local general plans, including the housing and land use elements, and sphere of influence boundaries. SB 375 anti-sprawl emphasis also calls for a RHNA and its housing allocation plan to support "transportation efficiency." The fair share housing allocation plan will focus new development in Transit Priority Areas and near employment centers within the transportation network. To the extent that infill projects displace existing transit dependant residents of lower income there may be important environmental justice and gentrification issues to address and mixed income housing strategies will take on new importance.

What is the relationship between the SCS and RHNA?

The Regional Housing Needs Assessment (RHNA) is a policy based forecast of future household growth with a vacancy and replacement housing allowances. The RHNA is used in the development and periodic updating of the housing element of local jurisdiction's General Plan.

The Legislature passed SB 375 in 2008 as the land use and transportation planning component of the state's effort to achieve the greenhouse gas emission reduction goals of The Global Warming Solutions Act of 2006 (AB 32). The legislation is an attempt to integrate preparation of the RHNA and regional transportation plans (RTP) by requiring consistency between the RHNA and the "sustainable communities' strategy" (SCS), which must be part of the RTP. It links funding for transportation projects to the SCS, requiring consistency between the SCS and the financial and action elements of the RTP.

SB 375 requires that the regional distribution of housing need is consistent with the Sustainable Communities Strategy (SCS) of a metropolitan area, and that the integrated growth forecast used in the housing distribution is the same as the one used in meeting mobility needs in a Regional Transportation Plan (RTP). The RHNA also determines the amount and income distribution of housing development capacity that each city and

county must zone for during an eight year planning period - instead of five years - in air quality non-attainment area such as the SCAG region.

The SCS and General Plans

General Plans are not required to be consistent with a SCS, but the RHNA allocation may trigger amendments to a General Plan or changes to local zoning which need to be completed within three years of adoption of the updated Housing Elements. In addition, if the community failed to make available sites to accommodate any portion of the RHNA of the prior planning period, the program should also contain an action program to zone or rezone adequate sites to accommodate that shortfall. Thus, there is clear direct relationship between SCS and RHNA, and the periodic update of local housing elements.

The RHNA and SCS will together identify the general location of uses, residential densities, and building intensities within the region based on the updated local housing elements within a metropolitan area. Transportation projects must conform to the regional sustainability plan, and certain private development projects get a CEQA exemption or streamlined review, but there is no explicit tie between the regional sustainability plans and the local general plans, although there is a linkage to the Regional Housing Needs Assessment (RHNA) process. This alignment means that transportation investments will now be consistent with the obligations of local governments to enact zoning.

CEQA Incentives

The intent of SB 375 is to have both transportation and housing projects consistent with the SCS. SB 375 creates a new CEQA document, the sustainable communities' environmental assessment and the transit priority project (TPP) environmental impact report. Local governments are authorized, but not required, to set traffic mitigation policies in advance. Transit priority projects that comply with those policies cannot be required to do additional traffic mitigation as a result of the CEQA process.

At the regional level locating more housing near employment opportunities and transit will reduce VMT, greenhouse gas emissions, air pollution, and gasoline consumption as compared with locating that housing on the urban fringe. Yet, when the local government analyzes new development in the urban core, it will estimate the number trips generated as a result of a specific project. From the local government's perspective, it will appear that reducing the size of the project will reduce the number of trips and hence reduce climate emissions, air pollution, and gasoline consumption—the exact opposite of the conclusion reached by an analysis on the regional scale of infill development. This is because the benefits of less auto use, more walking, increased transit ridership and less far away development are not factored into the analysis.

Development away from the transportation network requires expensive investments in new infrastructure and creates costly fiscal, natural resource and environmental impacts. These costs collectively exceed the impacts of strategically defined infill development near transit and employment that land use modeling finds as beneficial in meeting sustainable, climate action goals. For these reasons SB 375 incorporates CEQA incentives as part of the community toolbox available to local governments.

Achieving GHG Targets and Defining Fair Share Goals

The RHNA distribution of housing need must be consistent with the SCS at the jurisdictional level. The “three legs” of the Sustainable Communities Strategy needed to meet Regional Greenhouse Gas Emission Targets are the RHNA distribution of housing, CEQA incentives implementing climate policy and the RTP modeling impacts of land use policy on vehicle miles traveled (VMT). Collectively, these regional and local plans are intended to identify the locations for growth and investment that help achieve climate goals supporting metropolitan area sustainability targets.

The RHNA serves the SCS by collectively identifying general locations - cutting across cities and counties - for priority housing projects (TPP & Mixed use/ Infill) but the RHNA allocations are still made at the jurisdictional level and it is up to local government to make land use decisions that align the RHNA with the SCS in order to meet Regional Emission Reduction Targets set by the California Air Resources Board (ARB).

The sustainable communities’ strategy is a growth strategy for the region which, in combination with transportation policies and programs, strives to reduce greenhouse gas emissions and, if it is feasible, help meet ARB’s targets for the region. If the sustainable communities’ strategy (SCS) will not achieve the region’s greenhouse gas reduction target, the region must also prepare a separate document called the "alternative planning strategy (APS)." Projects consistent with this strategy also qualify for CEQA incentives.

When SCAG adopts either an SCS or APS on behalf of the region, it will submit the strategy to the California Air Resources Board for review. If the ARB should find that the SCS will not achieve targeted greenhouse gas reductions, SCAG will be required to either revise the strategy or adopt an APS. If an APS is submitted, it must meet the emission reduction target and identify the impediments to achieving the target through an SCS. It is important to note that neither strategy regulates or supersedes the land use authority of local government. However, SB 375 does require consistency between the SCS/ APS and the allocation of the RHNA to local governments.

One of the challenges ahead is to define a new “fair share” concept to collectively address the Regional Greenhouse Emissions Goal as well as distributing affordable housing needs in ways that do not concentrate lower income housing opportunities where they already exist and provides more housing choice for all households, including transit dependant populations with lower incomes, the modest income workforce and those able to afford market rate housing.

Conclusion

The regional Sustainable Communities Strategy in support of housing and transportation planning make three significant changes over past practice. First, the SCS must accommodate all the population growth of the metropolitan region within the region. Second, the population growth projections must include the increased housing demand caused by anticipated employment growth or expansion on the transportation network and environment. These provisions recognize the crucial linkage between a regional-scale

jobs-housing balance and reduced VMT and GHG emission. Third, the SCS must identify areas within the region sufficient to house all the population of the region, including all economic segments of the population, over the course of the planning period of the regional transportation plan, and supported by periodic updates of the housing elements of local General Plans.

Attachment 1: RHNA Policy Issues

RHNA policy issues and questions related to its integration into an SCS include, but are not limited to:¹

- What if any adjustments are needed to ensure that a RHNA fair share plan and targets for GHG and VMT reduction promote housing choice and does not put low income housing in areas where it is already concentrated? Existing policy calls for a 110% fair share adjustment supported by a “Healthy Market” vacancy rate for non-impacted jurisdictions.
- RHNA allocation numbers must conform to the Sustainable Communities Strategy, but should such allocations allow more housing in transit-rich areas by shifting the distribution of the RHNA numbers to accommodate that goal as a way to address the regional Sustainable Communities Strategy’s vehicle miles traveled (VMT) and Green House Gas (GHG) reduction targets? Existing policy provides for a job housing balance through the application of AB 2158 factors in the growth forecast.
- In establishing vacancy and replacement allowance policies, should there be an existing vacancy rate adjustment credit against future need? Existing policy to use a 3.5% vacancy rate to adjust future need. Vacancy needs and credits against future construction need were discussed but not adopted in the last RHNA.
- Should an approach be adopted in the next RHNA/Housing Element cycle to allow foreclosures turned into affordable housing opportunities (HUD NSP program) to be credit toward future RHNA construction need targets? Existing policy does not provide for this option as noted above.
- Should a Regional versus County median income be used in determining a jurisdiction’s fair share housing need by income group? Existing law calls for the use of the County median income, although it is possible to obtain the approval to use the Regional Median Income.
- Subregional funding and delegation could be scaled to promote increasing levels of involvement - up to full delegation - in the distribution of housing need, including the administration of transfers of need between communities and conducting the revision and appeals process. Existing policy provides for limited funding for RHNA delegation only, although a set of guidelines and framework for SCS delegation is being developed. Subregions may choose either RHNA or SCS delegation or both.
- Should policies related to specific factors in housing law to meet AB 2158 planning factor consistency be weighted differently? For instance, should more weight be given to job housing balance adjustments in ensuring an efficient distribution of housing within commute sheds across the region?
- Adequate RHNA funding is needed to support the integrated forecast and housing allocation and distribution process in support of SB 375 goals, especially in supporting subregional involvement. What initiatives are needed to secure such funding?

¹ RHNA Reform Task Force recommendations dated April 2009.

Attachment 2: RHNA Schedule with Key Milestones²

Current Statutory Schedule

Based on proposed SB 575 clean up language and SB 375 requirements for an RTP - RHNA planning cycle, the following are key RHNA milestones and steps.

A new RTP/SCS notification requirement was introduced in SB 375. SCAG must notify Caltrans and State HCD 12 months in advance of the estimated RTP adoption date. So, in our case, SCAG would have given this notice to HCD and Caltrans by April 2011. This notice fixes the time frame for RHNA/SCS and housing element adoption due dates.

Of note, SCAG may not be able to adopt the draft RHNA in advance of the RTP/Sustainable Community Strategy because of the "consistency" findings need when the RTP is adopted, as projected, in April 2012.

For the SCAG region, SB 375 sets the fifth revision housing element date at 18 months after completion of the first RTP after September 30, 2010. It also requires SCAG to notify Caltrans and HCD 12 months in advance of the estimated RTP adoption date (e.g. April 2011 for an estimated RTP adoption in April 2012) and, then, specifies that fifth revision housing element due dates would be 18 months henceforth from that estimated adoption date. This provides greater clarity on the date of housing element revisions for the fifth revision than is in the current statute.

The fifth revision housing elements for local jurisdictions in the SCAG region would be October 2013 (e.g. 18 months from April 2012). This allows localities the full 18 months to prepare an update and less time if SCAG is late in adopting the RTP/SCS. For instance, if SCAG adopts its RTP/SCS in June 2012, localities would have no more than 16 months to prepare an update. However, because of the concern over not letting conformity lapse, it is highly unlikely that the RTP adoption would be "late."

2012 RTP/SCS and RHNA Timeline

H.E. Planning Period – Oct 2013 to Sept. 2021 (8 years)

Base Year: Jan. 2011

Oct. 2013 5th revision SCAG due date for local Housing Element submissions to State HCD – 18 mo from draft RTP/SCS & 12 mo. from RHNA

- Housing element due to HCD 18 months after local agency receives RHNA allocation (one year after final RHNA)
- Local agency must adopt housing element 120 days after statutory deadline to HCD to avoid a 4 year cycle; otherwise localities are on an 8 year cycle

² Technical Overview of SB 375 Memorandum prepared by the California League of Cities, dated September 2008.

Oct. 2012 Final RHNA Adopted – 6 months from RTP/SCS adoption

First six months from RTP/ SCS adoption and Draft RHNA adoption, agencies may request COG reconsider of an allocation and file revision and appeals- successful appeals are re-allocated back proportionately

- Local agency starts drafting housing element if satisfied with draft allocation of RHNA need
- Final RHNA allocation adopted by COG at 6 months

June 2012 ARB approves RTP/SCS and/or APS (60 days from SCAG submittal)

April 2012 Draft RHNA Issued – RTP/SCS adoption by SCAG

COG distributes draft RHNA allocation consistent with SCS; every agency must within SCS get some of the housing allocation.

Sept 2011 HCD approves SCAG's Statewide share of Regional Housing Need – 26 months from HE due date

HCD consults with COG regarding assumptions and methodology to be used to determine housing needs

- COG Develops Regional Growth Forecast
- Subregions are designated to prepare SCS and/or RHNA allocations as appropriate
- COG conducts survey of its member jurisdictions
- HCD gives regional housing number to COGs
- COG develops methodology for distributing RHNA consistent with development pattern in SCS

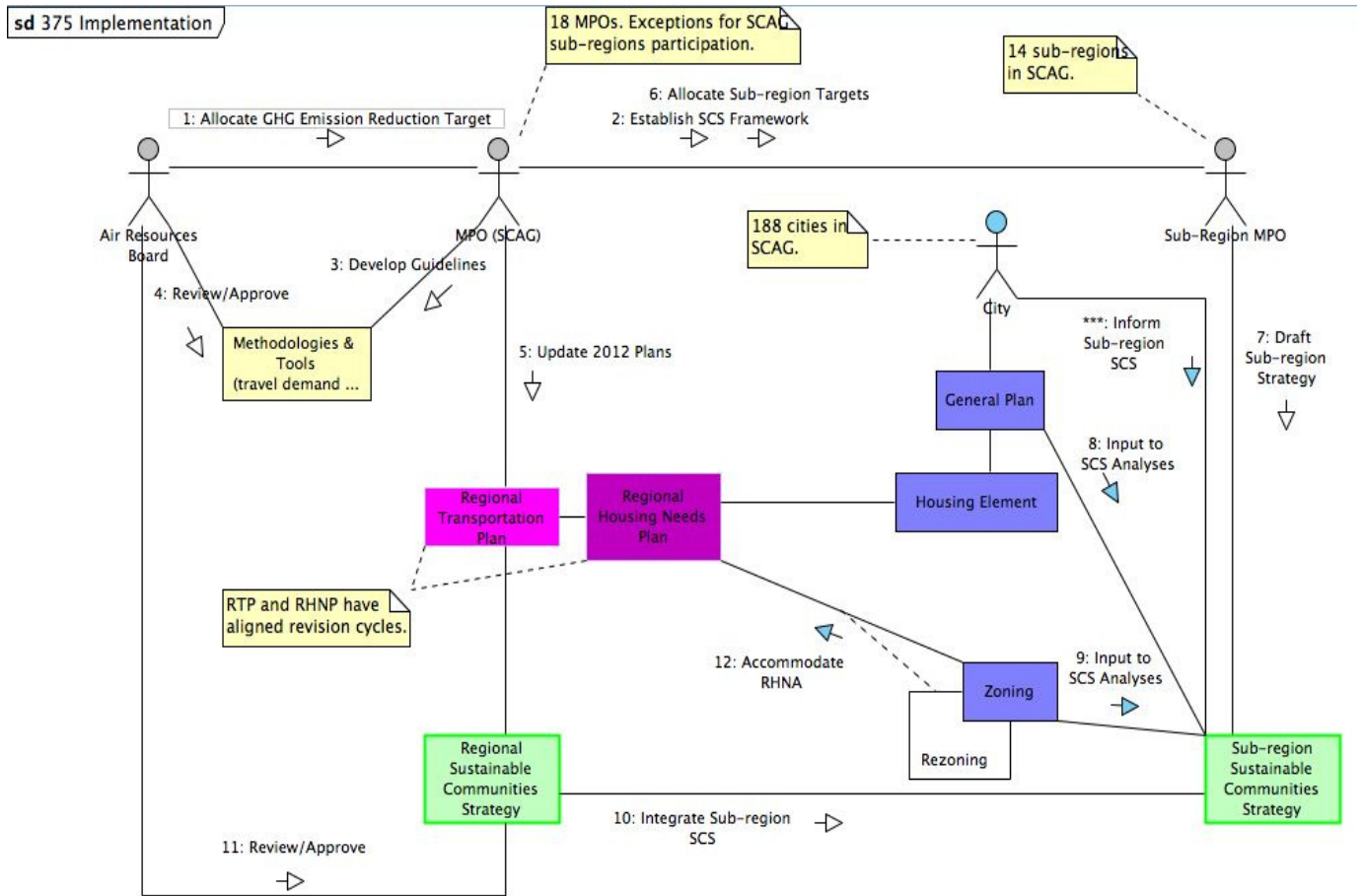
April 2011 SCAG notifies Caltrans and State HCD of estimated RTP/SCS adoption date

Sept 2010 CARB Targets Issued

April 2010 Census

Attachment 3: RHNA and SCS Schematic³

The following 18 step diagram illustrates one way in which a Regional Transportation Plan (RTP) and Sustainable Community’s Strategy (SCS), including sub regional strategies, are intended to synchronize with the Regional Housing Needs Assessment (RHNA) and tie into the periodic update of the housing element of local General Plans in the SCAG region.



³ Kelly Chan, Center for Geographic Information Science Research, Cal Poly Pomona [SB375 Implementation Life-Cycle](#) Leonard Transportation Center Forum May 2009.