



SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
900 Wilshire Blvd., Ste. 1700
Los Angeles, CA 90017
T: (213) 236-1800
www.scag.ca.gov

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County

REGULAR MEETING

REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) SUBCOMMITTEE

Please Note Date and Time

***Monday, March 4, 2019
10:00 a.m. – 12:00 p.m.***

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

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

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Tess Rey-Chaput at (213) 236-1908 or via email at REY@scag.ca.gov. Agendas & Minutes are also available at: www.scag.ca.gov/committees

SCAG, in accordance with the Americans with Disabilities Act (ADA), will accommodate persons who require a modification of accommodation in order to participate in this meeting. SCAG is also committed to helping people with limited proficiency in the English language access the agency's essential public information and services. You can request such assistance by calling (213) 236-1908. We request at least 72 hours (three days) notice to provide reasonable accommodations and will make every effort to arrange for assistance as soon as possible.

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Videoconference Sites & Addresses

SCAG Los Angeles Office (Main Office)

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

SCAG Imperial County Regional Office

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

SCAG Orange County Regional Office

600 S. Main St., Orange, CA 92868

**Due to limited capacity, please RSVP prior to the meeting to ensure availability,
housing@scaq.ca.gov*

SCAG Riverside County Regional Office

3403 10th St., Ste. 805, Riverside, CA 92501

SCAG San Bernardino County Regional Office

1170 W. 3rd St., Ste. 140, San Bernardino, CA 92410

Coachella Valley Association of Governments Office

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

City of Palmdale Office

38250 Sierra Hwy., Palmdale, CA 93550

South Bay Cities Council of Governments Office

South Bay Environmental Services Center

20285 S. Western Avenue, Suite 100 Torrance, CA 90501

Teleconference Sites & Addresses

Oxnard City Hall

300 W 3rd St, 4th Floor, Oxnard, CA 93030

Simi Valley City Hall

2929 Tapo Canyon Road, Simi Valley, CA 93063

Big Bear Lake Location

42115 Plymouth Road, Big Bear Lake, CA 92315

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

Webcasting Available

Webcast participation is view-only. Registration for webcasting is limited and is on a first come, first serve basis. Please register at

<https://scag.zoom.us/meeting/register/35abb6f5751e73e9dc2040ba88984b7b>

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RHNA SUBCOMMITTEE MEMBERS – RHNA 6TH CYCLE

VOTING MEMBERS

Representing Imperial County

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

Representing Los Angeles County

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

Representing Orange County

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

Representing Riverside County

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

Representing San Bernardino County

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

Representing Ventura County

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

NON-VOTING/EX-OFFICIO MEMBERS

Representing Academia

Ex-Officio: Paavo Monkkonen, UCLA Urban Planning

Representing Non-Profit/Advocate

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

Representing Building Industry

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

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AGENDA

Southern California Association of Governments

900 Wilshire Boulevard, Suite 1700
Los Angeles, California 90017
Monday, March 4, 2019
10:00 AM

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

CALL TO ORDER AND PLEDGE OF ALLEGIANCE

(The Honorable Peggy Huang, Chair)

ROLL CALL

PUBLIC COMMENT PERIOD

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

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

REVIEW AND PRIORITIZE AGENDA ITEMS

CONSENT CALENDAR

<u>Approval Item</u>		<u>Page No.</u>
1. <u>Minutes of the February 4, 2018 Meeting</u>	Attachment	1

Receive and File

2. <u>RHNA Subcommittee Topic Outlook</u>	Attachment	5
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<u>ACTION ITEMS</u>		<u>Time</u>	<u>Page No.</u>
3. <u>RHNA Subregional Delegation Guidelines</u> <i>(Joann Africa, Chief Counsel)</i>	Attachment	10 mins	6
Recommended Action: Recommend approval by CEHD Committee of the RHNA Subregional Delegation Guidelines.			
4. <u>Finalize Local Planning Factor Survey</u> <i>(Ma'Ayn Johnson, SCAG staff)</i>	Attachment	10 mins	26
Recommended Action: Approve distribution of the local planning factor survey, affirmatively furthering fair housing survey, and replacement need survey as part of the development of the RHNA methodology.			

DISCUSSION ITEMS

5. <u>Update on SCAG's Regional Determination Consultation Package</u> <i>(Kevin Kane, SCAG Staff)</i>	Attachment	25 mins	50
6. <u>Overarching Principles for Social Equity Distribution</u> <i>(Ma'Ayn Johnson, SCAG Staff)</i>	Attachment	30 mins	69

CHAIR'S REPORT

- Election of RHNA Subcommittee Vice Chair at the April 1, 2019 meeting

STAFF REPORT

ANNOUNCEMENT/S

ADJOURNMENT

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

REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) SUBCOMMITTEE
of the
SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS

February 4, 2019

Minutes

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

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

VOTING MEMBERS

Representing Imperial County

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

Representing Los Angeles County

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

Representing Orange County

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

Representing Riverside County

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

Representing San Bernardino County

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

Representing Ventura County

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

NON-VOTING/EX-OFFICIO MEMBERS

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

CALL TO ORDER & PLEDGE OF ALLEGIANCE

Chair Peggy Huang called the meeting to order at 10:00 AM and asked the Honorable Bill Jahn to lead the Subcommittee in the Pledge of Allegiance.

PUBLIC COMMENT PERIOD

Vice Mayor John Mirisch, representing the City of Beverly Hills, commented that there should be another academia ex-officio Subcommittee member to balance the viewpoints regarding density. He also suggested that the Subcommittee consider adding an ex-officio member that represents residents.

Elizabeth Hausburg, representing People for Housing Orange County, commented her support of increased housing production, especially transit-oriented development, and denser housing in her community.

Ken Stahl, representing People for Housing Orange County, commented that he is concerned there is not enough housing for the existing population and that the majority of Los Angeles is zoned for single family housing. He advocated against the continued use of exclusionary, single-family zoning.

Shane Phillips, representing Central City Association, commented that he urges the Subcommittee to use the new state mandates as an opportunity to address serious housing issues rather than an imposition. He voiced his support of more infill development and affordable housing.

REVIEW AND PRIORITIZE AGENDA ITEMS

There was no prioritization of agenda items.

CONSTENT CALENDAR

Approval Item

1. Minutes of December 3, 2018 Meeting

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

AYES: Predmore (Imperial County), Finlay (Los Angeles County), Bailey (Riverside County), Jahn (San Bernardino County), Judge (Ventura County) (5).

NOES: None (0).

ABSTAIN: Bucknum (Orange County) (1).

Receive and File

2. RHNA Subcommittee Topic Outlook

3. RHNA Law

ACTION ITEMS

4. RHNA Subregional Delegation Guidelines

Joann Africa, Chief Legal Counsel, presented on the factors that constitute a Subregion and the RHNA responsibilities and methodology requirements the delegating Subregion must meet. Ms. Africa responded to general questions and comments from the Subcommittee about subregional delegations, including clarification questions on Subregional delegation guidelines.

A MOTION was made (Primary Member Bucknum, Orange County) to approve the Subregional Delegation Guidelines to move to the SCAG Community, Economic & Human Development Committee. The MOTION was SECONDED (Alternate Member Judge, Ventura County) and APPROVED by the following vote:

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

NOES: None (0).

ABSTAIN: None (0).

DISCUSSION ITEMS

5. An Initial Framework for Developing SCAG's RHNA Regional Determination Consultation Package with the California Department of Housing and Community Development (HCD)

Kevin Kane, SCAG staff, presented an introduction to the framework used to develop the RHNA regional determination. Mr. Kane responded to questions and comments from the Subcommittee, including questions about headship rates, the timeline for the determination, SCAG projections, group homes, state funding, and comparable regions.

Kome Ajise, SCAG Director of Planning, clarified that SCAG staff presentations are intended to just provide an objective outlook and not meant to instruct Subcommittee members one way or another.

Chair Peggy Huang reminded Subcommittee meeting attendees to send in public comments before the meeting or at the public comment period. Public comments can be sent to housing@scag.ca.gov.

6. RHNA-related Local Planning Factors

Ma'Ayn Johnson, SCAG Staff, presented a brief overview of the SCAG survey of the fourteen local planning factors that cover a range of local planning opportunities and constraints. The information from the survey will inform SCAG's proposed methodology. The survey will be due April 30, 2019. Ms. Johnson responded to questions and comments from the Subcommittee, including questions on ballot measures, legal actions, and data availability for the survey.

7. Legal Action Filed by the California Department of Housing and Community Development (HCD) Against the City of Huntington Beach

Joann Africa, Chief Counsel, presented relevant background on recent legal actions between HCD and the City of Huntington Beach. Ms. Africa will inform the Subcommittee as more information becomes available. She responded to questions and comments from the Subcommittee, including questions about charter cities.

Chair Peggy Huang commented that she is employed by the State Attorney Office, which is representing HCD, and will step out if a conflict of interest arises.

Ex-Officio Cesar Covarrubias, The Kennedy Commission, clarified some questions on charter cities and SB 35.

CHAIR'S REPORT

A report was not provided.

STAFF REPORT

A report was not provided.

ANNOUNCEMENT/S

Chair Peggy Huang encouraged Subcommittee members to attend the upcoming CEHD meeting on Thursday, February 7.

ADJOURNMENT

There being no further business, Chair Peggy Huang adjourned the meeting at 11:37 AM.

The next regular meeting of the RHNA Subcommittee is scheduled for Monday, March 4, 2018 at 10:00 AM at the Wilshire Grand Center, 900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017.

RHNA Subcommittee Topic Outlook
October 2018 – August 2020

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

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

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
March 4, 2019

To: Regional Housing Needs Assessment Subcommittee (RHNA)

INTERIM
EXECUTIVE DIRECTOR'S
APPROVAL

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

Subject: RHNA Subregional Delegation Guidelines

RECOMMENDED ACTION:

Recommend approval by the CEHD Committee of the RHNA Subregional Delegation Guidelines.

STRATEGIC PLAN:

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

EXECUTIVE SUMMARY:

Per State housing law, two or more geographically contiguous jurisdictions may form a RHNA subregion. A RHNA subregion is delegated the responsibility of developing its own RHNA methodology and a RHNA allocation for each jurisdiction within the subregion. It is also responsible for conducting its own appeal process. SCAG is offering financial assistance to delegating subregions. Jurisdictions have until June 28, 2019 to notify SCAG of the intent to form a RHNA subregion.

At its last meeting, the RHNA Subcommittee adopted the RHNA Subregional Delegation Guidelines. Subsequent to the meeting, there were inquiries to SCAG staff regarding the possibility of increasing the amount of financial assistance offered by SCAG for those who accept RHNA delegation. Staff proposes to maintain its original proposal of \$2500 per jurisdiction in a delegate subregion. However, if an existing subregional organization within the SCAG region accepts RHNA delegation, SCAG will provide up to an additional \$50,000 so long as the total budget of \$500,000 has not been exceeded. SCAG staff is presenting this matter to the RHNA Subcommittee again for further input as it relates only to the amount of financial assistance from SCAG.

BACKGROUND:

- A. Understanding what is a “subregional entity” under the RHNA law

Under the law, SCAG may delegate to a “subregional entity” the responsibility of preparing a Regional Housing Need Allocation for the jurisdictions within a particular subregion. Specifically, California Government Code Section 65584.03 provides as follows:

“...[A]t least two or more cities and a county, or counties, may form a subregional entity for the purpose of allocation of the subregion's existing and projected need for housing among its members in accordance with the allocation methodology established pursuant to Section 65584.04. The purpose of establishing a subregion shall be to recognize the community of interest and mutual challenges and opportunities for providing housing within a subregion. A subregion formed pursuant to this section may include a single county and each of the cities in that county or any other combination of geographically contiguous local governments and shall be approved by the adoption of a resolution by each of the local governments in the subregion as well as by the council of governments. All decisions of the subregion shall be approved by vote as provided for in rules adopted by the local governments comprising the subregion or shall be approved by vote of the county or counties, if any, and the majority of the cities with the majority of population within a county or counties.”

It is important to note that the definition of a “subregional entity” for RHNA purposes is broader than what is generally considered a “subregion” by SCAG. Specifically, a combination of two or more geographically contiguous local governments may serve as a subregional entity for RHNA purposes and therefore, the meaning of “subregional entity” is not limited to the 15 organizations that SCAG considers as subregions for SCAG’s planning purposes. In addition, because of the requirement that the local governments be “geographically contiguous,” some subregional organizations whose member cities are not geographically contiguous may not qualify as a subregional entity under RHNA (assuming that the existing member cities want to be included as part of the subregional entity).

Upon formation, the subregional entity must notify SCAG at least 28 months before the scheduled Housing Element update. In the case of SCAG’s 6th cycle RHNA, this means that such formation and notification to SCAG should be completed by June 28, 2019. SCAG anticipates receiving the Regional Housing Need Determination from the State of California Department of Housing and Community Development (HCD) on or about August 2019. Subregional housing targets will be issued shortly afterwards. The subregional entity’s share of the regional housing target is to be consistent with the distribution of households assumed for the comparable time period within the 2020 Regional Transportation Plan/Sustainable Communities Strategy. The final subregional allocation will be submitted to SCAG for approval before SCAG prepares its final RHNA plan. In the event a subregional entity fails to fulfill its responsibilities provided under state law or in accordance with the subregional delegation agreement, SCAG will be required to develop and make the final allocation to members of the subregional entity, according to the regionally adopted methodology.

SCAG staff recognizes that many cities and counties may not be familiar with the delegation process under the RHNA law. Therefore, SCAG staff intends to outreach to SCAG's local jurisdictions and subregional organizations regarding the delegation process after this discussion with the RHNA Subcommittee.

B. Understanding what constitutes "delegation"

As previously noted, after a subregional entity has notified SCAG of its formation and intent to accept delegation of the RHNA process, SCAG and the subregional entity will enter into an agreement outlining the roles and responsibilities of SCAG and the respective subregion. Under the law, by accepting delegation, the subregion would be tasked with all of the responsibilities related to distributing the housing need for the jurisdictions within the subregion. This includes maintaining the total subregional housing need, developing a subregional allocation methodology that is reviewed by HCD, releasing a draft subregional housing allocation plan by income groups using the adopted subregional allocation methodology, addressing any appeals related to the draft subregional housing allocation, preparing and approving the final subregional housing allocation and conducting the required public hearings. Staff anticipates delegating all of these responsibilities to a subregional entity and describing such responsibility in the delegation agreement with the delegate subregion.

C. Financial Assistance for subregional delegation

The RHNA law does not require that a council of governments provide financial assistance to a subregional entity who accepts RHNA delegation. However, SCAG did provide the subregions in the previous RHNA cycles with financial assistance. SCAG staff intends to budget approximately \$500,000 as financial assistance for subregional delegation. Staff intends to provide \$2500 for each local jurisdiction in a delegate subregion. If an existing subregional organization within the SCAG region accepts RHNA delegation and pending budget availability (i.e., the total budget of \$500,000 has not been exceeded), SCAG will provide up to an additional \$50,000 to the subregional organization. The payment structure for the financial assistance will be described in the delegation agreement.

D. Understanding the benefits of RHNA Subregional delegation

While there are benefits to accepting RHNA subregional delegation, it is also a difficult and involved process. The following are reasons why accepting delegation would be beneficial to the jurisdictions who undertake the process:

- Different Methodology: Delegate subregions develop their own methodology and are not subject to SCAG's review process.
- RHNA Appeals: Delegate subregions have a separate appeals process from SCAG and are exempt from the SCAG's appeal process.

- Appeal reallocation: Successful appeals must be reallocated back to the SCAG region but jurisdictions within a delegate subregion are exempt from receiving a reallocation from SCAG. They are only subject to any reallocation from appeals within their own subregion.
- Protection from outside appeals: While it has not yet been confirmed by HCD, delegate subregions may be protected from appeals filed against their jurisdictions from jurisdictions outside the subregion. Appeal to draft allocations can only be made by jurisdictions within the applicable delegate subregion or HCD.
- Financial Assistance from SCAG: SCAG is offering a financial incentive for a delegate subregion to use to undertake the RHNA process.
- Local Control: A delegate subregion has more local control/self-determination by providing the ability for contiguous jurisdictions to assign RHNA numbers. This allows for an opportunity to strengthen planning integration among neighboring jurisdictions.
- Leadership: Delegations provides an opportunity for the delegate subregion to show leadership and provide for a unified voice representing participating communities on RHNA issues (e.g., methodology, social equity, assignment of need and determination of appeals).

At its last meeting, the RHNA Subcommittee adopted the RHNA Subregional Delegation Guidelines. However, as a result of inquiries to SCAG staff subsequent to the meeting, SCAG staff is presenting this matter to the RHNA Subcommittee again for further input as it relates to financial assistance from SCAG. Staff proposes to maintain its original proposal of \$2500 per jurisdiction in a delegate subregion. However, if an existing subregional organization within the SCAG region accepts RHNA delegation and pending budget availability, SCAG will provide up to an additional \$50,000 to the subregional organization. Pending action of the RHNA Subcommittee, this item will be presented to the CEHD Committee on March 7, 2019. SCAG staff will continue to engage local jurisdictions and subregional entities on RHNA subregional delegation, and will update the RHNA Subcommittee, as needed.

FISCAL IMPACT:

Work related to the RHNA process is funded from the Fiscal Year 2018-19 General Fund Budget.

ATTACHMENT(S):

1. 6th Cycle RHNA Subregional Delegation Guidelines RevDraft 012819
2. 6th Cycle RHNA Sample Delegation Resolution 111918
3. 6th Cycle Sample RHNA Delegation Agreement JA 012819



RHNA SUBREGIONAL DELEGATION GUIDELINES

Meaning of “Subregional Entity” and Notification Deadline

Under State law, the Southern California Association of Governments (SCAG) may delegate to a “subregional entity” the responsibility of preparing a subregional housing need allocation for the jurisdictions within the particular subregional entity, that will be included as part of SCAG’s Regional Housing Needs Assessment (RHNA) Allocation Plan. Specifically, California Government Code Section 65584.03 provides as follows:

“...[A]t least two or more cities and a county, or counties, may form a subregional entity for the purpose of allocation of the subregion's existing and projected need for housing among its members in accordance with the allocation methodology established pursuant to [Section 65584.04](#). The purpose of establishing a subregion shall be to recognize the community of interest and mutual challenges and opportunities for providing housing within a subregion. A subregion formed pursuant to this section may include a single county and each of the cities in that county or any other combination of geographically contiguous local governments and shall be approved by the adoption of a resolution by each of the local governments in the subregion as well as by the council of governments. All decisions of the subregion shall be approved by vote as provided for in rules adopted by the local governments comprising the subregion or shall be approved by vote of the county or counties, if any, and the majority of the cities with the majority of population within a county or counties.”

The subregional entity (also referred to herein as the “delegate subregion”) must notify SCAG at least 28 months before the scheduled Housing Element update of its formation. In the case of SCAG’s 6th cycle RHNA, notification by the proposed subregional entity must be provided to SCAG by Friday, June 28, 2019. Submittal of the required adopting resolution, a sample of which is attached herein as Exhibit A, shall occur prior to approval of the Delegation Agreement between SCAG and the subregional entity.

Delegation – Scope of Responsibilities

After a subregional entity has notified SCAG of its formation and intent to accept delegation of the RHNA process, SCAG and the delegate subregion will enter into an agreement that

sets forth the process, timing, and other terms and conditions of the delegation of responsibilities by SCAG to the respective subregion. By accepting delegation, the delegate subregion is tasked with all of the responsibilities related to distributing the share of the regional housing need for the jurisdictions within the subregion in accordance with State law (see Cal. Government Code Section 65584 et seq). This includes maintaining the total subregional housing need, developing a subregional allocation methodology that is reviewed by the State of California Department of Housing and Community Development (HCD), releasing a draft subregional housing allocation plan by income groups using the adopted subregional allocation methodology, addressing any appeals related to the draft subregional housing allocation, preparing and approving the final subregional housing allocation and conducting the required public hearings. A sample Delegation Agreement is attached herein as Exhibit B.

SCAG anticipates receiving the Regional Housing Need Determination (regarding the existing and projected need for housing for the SCAG region) from HCD on or about August 2019. Thereafter, SCAG shall issue the share of the Regional Housing Need assigned to each delegate subregion. The total subregional housing need will be based upon such factors outlined in Government Code Section 65584.01(b)(1)(A) to (I), such as the delegate subregion's share of the household growth from January 1, 2021 to December 31, 2029, a healthy market vacancy rate including a healthy rental housing market of no less than five percent, and replacement needs based upon demolitions from all jurisdictions within the delegate subregion.

Prior to assigning the total subregional housing need to any delegate subregion, SCAG will hold a public hearing and may consider requests for revision. If SCAG rejects a proposed revision, it shall respond with a written explanation of why the proposed revised share has not been accepted.

The delegate subregion's share of the regional housing need is to be consistent with the distribution of households assumed for the comparable time period within the 2020 Regional Transportation Plan/Sustainable Communities Strategy. The final subregional allocation will be submitted by the delegate subregion to SCAG for approval before SCAG prepares its final RHNA plan.

In the event a delegate subregional entity fails to fulfill its responsibilities provided under state law or in accordance with the subregional Delegation Agreement, SCAG will be required to develop and make final allocation to members of the subregional entity, according to the regionally adopted method pursuant to Government Code Section 65584 and 65584.04.

Financial Assistance for Delegation

SCAG staff intends to budget \$500,000 as the total financial assistance for RHNA subregional delegation. In order to best utilize these limited funds, SCAG will provide \$2,500 for each local jurisdiction in a subregional entity who accepts delegation, based upon dividing \$500,000 into the total number of jurisdictions in the SCAG region (which is approximately

200 since there are 191 cities and 6 counties in the SCAG region). If an existing subregional organization within the SCAG region (e.g., OCCOG, WRCOG, SANBAG, etc.) accepts RHNA subregional delegation and provided this does not exceed the total \$500,000 budget, SCAG will contribute up to an additional \$50,000 to the subregional organization. The amount of the respective financial assistance for the subregional entity and its distribution shall be outlined in the Delegation Agreement.

Proposed Timeline for Subregional Delegation

The following represents the proposed timeline for RHNA subregional delegation process:

By June 28, 2019	Notice of Intent submitted by Delegate Subregion
By July 31, 2019	SCAG to provide Delegate Subregion with local growth forecast and survey information
By August 31, 2019	State HCD to provide SCAG with Regional Housing Need Determination
By August 31, 2019	Deadline for SCAG and Delegate Subregion to enter into Delegation Agreement (adopting resolutions to be approved beforehand)
By Sept. 30, 2019	SCAG to provide Delegate Subregion with Subregional Housing Need and conduct public hearing
By Oct. 31, 2019	SCAG to release its draft regional housing need allocation methodology; Delegate Subregion releases its draft subregional housing need allocation methodology
By Dec. 31, 2019	HCD reviews and provides findings on SCAG’s draft regional housing need allocation methodology; HCD reviews and provides findings on Delegate Subregion’s draft subregional housing need allocation methodology; SCAG and the Delegate Subregion adopt their respective final regional housing need allocation methodologies prior to the distribution of their respective Draft RHNA Plans
	Last day for Subregional Entity to terminate Delegation Agreement and relinquish its delegation responsibilities
By April 2, 2020	SCAG to release Draft RHNA Plan; Delegate Subregion releases Draft Subregional Housing Allocation Plan

By July 31, 2020	Appeals (if any) addressed by SCAG and Delegate Subregion
By July 31, 2020	Delegate Subregion to approve its Final Subregional Housing Allocation Plan and submit it to SCAG
By October 31, 2020	SCAG to approve its Final RHNA Plan, which incorporates the Final Subregional Housing Allocation Plan by the Delegate Subregion; Submittal of Final RHNA Plan to State HCD
By November 30, 2020	Deadline for HCD to approve SCAG's Final RHNA Plan
October 31, 2021	Deadline for updates of Local Housing Elements

Attachments to these Guidelines:

- Exhibit A – Sample Delegation Resolution
- Exhibit B – Sample Delegation Agreement

Exhibit A to the RHNA Subregional Delegation Guidelines

**RESOLUTION OF (NAME OF LOCAL JURISDICTION)
ESTABLISHING SUBREGIONAL ENTITY FOR PURPOSES
OF DEVELOPING SUBREGIONAL HOUSING ALLOCATION PLAN TO BE INCLUDED IN
REGIONAL HOUSING ALLOCATION PLAN BY THE SOUTHERN CALIFORNIA ASSOCIATION OF
GOVERNMENTS**

Whereas, the California Legislature has declared, in Government Code Section 65580, that the availability of housing is of vital state importance, and it is a goal of the State of California to expand housing opportunities and accommodate housing needs of Californians in all economic levels;

Whereas, counties and cities within California, in order to ensure attainment of the State's housing goal, are required under state law to adopt a general plan, which must include a housing element, which identifies and analyzes existing and projected housing needs, and enumerates goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement and development of housing to meet the needs of all economic segments of the community;

Whereas, Government Code Section 65583(a) requires each such housing element to provide an assessment of the "share" of regional housing needs which must be borne by a local jurisdiction, and an inventory of resources and constraints relevant to the meeting of those needs;

Whereas, the Southern California Association of Governments (SCAG) is a joint powers authority agency representing six counties: Los Angeles, Orange, San Bernardino, Riverside, Ventura and Imperial; and is mandated by the federal and state law to research and develop long range regional plans related to transportation, growth, waste management, air quality and housing;

Whereas, SCAG, in consultation with the California Department of Housing and Community Development ("HCD" herein), is required to determine the existing and projected need for housing for the SCAG region pursuant to Government Code Sections 65584 et seq. by way of preparation of a Regional Housing Needs Assessment ("RHNA");

Whereas, counties and cities use the RHNA to prepare updates to its respective housing elements;

Whereas, SCAG is preparing the sixth cycle update of the RHNA and intends to submit the RHNA to HCD on or about October 31, 2020. Counties and cities within the SCAG region thereafter are required to prepare and submit their respective updated housing elements to HCD by October 31, 2021; and

Whereas, SCAG is authorized under current state law to delegate the responsibility of allocating the projected housing need for jurisdictions with a subregion to a subregional entity by way of a written agreement.

NOW, THEREFORE, BE IT RESOLVED by the (City Council/Board of Supervisors) of the (Name of Local \Jurisdiction):

1. The (Name of Local Jurisdiction) agrees to form a “subregional entity” within the meaning set forth in Government Code Section 65583 with the jurisdictions of _____ (collectively referred to herein as “Subregion”). This Subregion desires to accept delegation of the responsibility of allocating the total housing need for the local governments in its Subregion, under the terms and conditions of a written agreement to be entered into between the Subregion and SCAG.

2. The (Name of Local Jurisdiction) authorizes _____ to act on behalf of the Subregion for purposes of facilitating the application of this Resolution.

APPROVED AND ADOPTED by the (City Council/Board of Supervisors) of the (Name of Local Jurisdiction) on this ____ day of _____, 2019.

**DELEGATION AGREEMENT
CONCERNING HOUSING NEEDS ASSESSMENT
BETWEEN THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS
AND (NAME OF SUBREGIONAL ENTITY)**

This Delegation Agreement (“Agreement” herein) is made and entered into this _____ day of _____, 2019, by and between the Southern California Association of Governments, a joint powers authority established under California law (hereinafter referred to as “SCAG”), and the (NAME OF SUBREGIONAL ENTITY), a _____ (hereinafter referred to as “Subregion”), collectively referred to herein as the “Parties.”

RECITALS

The following recitals are a substantive part of this Agreement, and are incorporated herein by this reference.

A. The California Legislature has declared, in Government Code Section 65580, that the availability of housing is of vital state importance, and it is a goal of the State of California to expand housing opportunities and accommodate housing needs of Californians in all economic levels.

B. Counties and cities within California, in order to ensure attainment of the State’s housing goal, are required under state law to adopt a general plan, which must include a housing element, which identifies and analyzes existing and projected housing needs, and enumerates goals, policies, quantified objectives, financial resources, and scheduled programs for the preservation, improvement and development of housing to meet the needs of all economic segments of the community.

C. Government Code Section 65583(a) requires each such housing element to provide an assessment of the “share” of regional housing needs which must be borne by a local jurisdiction, and an inventory of resources and constraints relevant to the meeting of those needs.

D. SCAG is a joint powers authority agency representing six counties: Los Angeles, Orange, San Bernardino, Riverside, Ventura and Imperial; and is mandated by the federal and state law to research and develop long range regional plans related to transportation, growth, waste management, air quality and housing.

E. SCAG, in consultation with the California Department of Housing and Community Development (“HCD” herein), is required to determine the existing and projected need for housing for the SCAG region pursuant to Government Code Sections 65584 et seq. by way of preparation of a Regional Housing Needs Assessment (“RHNA”). A copy of Government Code Section 65584 et seq. are attached with this Agreement as Exhibit “A.”

F. Counties and cities use the RHNA to prepare updates to its respective housing elements.

G. SCAG is preparing the sixth cycle update of the RHNA and intends to submit the RHNA to HCD on or about October 31, 2020. Counties and cities within the SCAG region thereafter are required to prepare and submit their respective updated housing elements to HCD by October 31, 2021.

H. SCAG is authorized under current state law to delegate the responsibility of allocating the projected housing need for jurisdictions with a subregion to a subregional entity by way of a written agreement.

J. The Subregion is a “subregional entity” within the meaning set forth in Government Code Section 65583.03 and desires to accept delegation of the responsibility of allocating the total housing need for the local governments in its subregion, under the terms and conditions of this Agreement.

NOW, THEREFORE, the Parties hereby agree as follows:

I. Parties and Purpose.

- A. The Executive Director of SCAG, or his designee, and the _____ of Subregion, or his designee, are authorized to execute this Agreement and carry out the responsibilities of the Parties herein.
- B. The purpose of this Agreement is to establish the responsibilities of the Parties associated with preparation of the sixth cycle update of RHNA as they relate to delegation of the housing allocation process.

II. Definitions:

For purposes of this Agreement, the following terms shall be defined as follows:

“Final Subregional Housing Allocation” shall mean the final allocation made by Subregion for each city or county with the Subregion, of its share of the Total Subregional Allocation, which shall be issued by the Subregion after conclusion of the appeal process, as described in Section IV, subsections D, below.

“Final RHNA Plan” shall mean the final allocation of regional housing need to cities and counties within the SCAG region adopted by SCAG for submittal to HCD.

“Integrated Growth Forecast” shall mean the growth scenario established by SCAG for the 2020 Regional Transportation Plan/Sustainable Communities Strategy and ties housing to transportation planning.

“Subregional Allocation Methodology” shall mean the methodology to be used by Subregion in distributing the Total Subregional Allocation to the local jurisdictions within the Subregion.

“Total Regional Allocation” shall mean the share of the statewide housing need assigned to the SCAG region by HCD.

“Total Subregional Allocation” shall mean the share of the Total Regional Allocation assigned to the Subregion by SCAG.

III. Duties of SCAG:

For purposes of this Agreement, SCAG shall be responsible for the following duties:

- A. Furnishing Total Subregional Allocation. SCAG shall furnish to Subregion the Total Subregional Allocation.
- B. Furnishing background information regarding Integrated Growth Forecast and planning factors. SCAG shall furnish to Subregion background data and information regarding SCAG’s Integrated Growth Forecast and survey information regarding planning factors such factors outlined in Government Code Section 65584.01(b)(1)(A) to (I), which may be necessary for Subregion’s preparation of its Final Allocation of Local Housing Need.
- C. Review of Subregional Allocation Methodology. Along with HCD, SCAG shall review the Subregional Allocation Methodology to ensure its consistency with the applicable provisions of Government Code Section 65584 et seq., and the terms of this Agreement.
- D. Review of Final Subregional Housing Allocation. SCAG shall review the Final Subregional Housing Allocation established by Subregion in order to ensure its consistency with the applicable provisions of Government Code Section 65584 et seq., and the terms of this Agreement. In the event that the Final Allocation of Local Housing Need established by Subregion is inconsistent with the applicable provisions of Government Code Section 65584 et seq., or the terms of this Agreement, SCAG reserves the right to make the final housing need allocations to counties and cities within the Subregion in accordance with subdivision (d) of Government Code Section 65584.03.

IV. Duties of Subregion:

For purposes of this Agreement, the Subregion in accepting delegation shall be responsible for the following duties:

- A. Determination of Subregional Allocation Methodology. Subregion shall develop and adopt a Subregional Allocation Methodology in accordance with the provisions of Government Code Section 65584 et seq., including but not limited to Government Code Section 65584 and 65584.04.
- B. Determination of Final Subregional Housing Allocation. Subregion shall determine the Final Subregional Housing Allocation for each city and/or county contained within the boundaries of the Subregion in accordance with the applicable requirements of Government Code Section 66584 et seq. Subregion's determination of the Final Subregional Housing Allocation shall be consistent with the Integrated Growth Forecast and the Subregional Allocation Methodology. This determination shall be made in a cooperative manner with the affected city or county governments.
- C. Maintain Total Subregional Allocation. In determining the Final Subregional Housing Allocation, the Subregion shall maintain the Total Subregional Allocation. Maintenance of the Total Subregional Allocation shall mean to account for the total housing need originally assigned to Subregion by SCAG. By way of example, this means a downward adjustment in one jurisdiction's allocation as a result of the Subregion's grant of the jurisdiction's appeal shall be offset by an upward adjustment in the allocation(s) of another jurisdiction(s) in the Subregion.
- D. Administer Appeals Process. The Subregion shall administer and facilitate an appeals process for HCD and local jurisdictions within the Subregion seeking to appeal the original local housing need allocation made by the Subregion as part of the draft Subregional Housing Allocation plan. The Subregion shall administer the appeals process in accordance with the applicable provisions of Government Code Section 66584.05. The Subregion shall adjust allocations to local governments based upon the results of the appeals process, and follow the provisions set forth in subdivision (f) of Government Code Section 65584.05 relating to adjustments. Local jurisdictions shall have no separate right of appeal to SCAG.
- E. Compliance with RHNA Subregional Delegation Timeline and Submission of Subregion's Final Subregional Housing Allocation. Subregion shall comply and adhere to the SCAG RHNA Timeline, attached hereto as Exhibit "B." Subregion shall deliver its Final Subregional Housing Allocation to SCAG in time to be included as part of SCAG's public hearing relating to the adoption of SCAG's Final RHNA Plan, unless this Agreement is terminated pursuant to Section VI herein.
- F. Records Maintenance. The Subregion shall maintain organized files of all public records and materials prepared or received in connection with any official business taken pursuant to this Agreement. Subregion shall also maintain a written record of any administrative proceeding conducted

pursuant to this Agreement, whether by tape recording or by other means. Subregion shall make such records available to SCAG upon written request to Subregion. Subregion shall maintain these records for a period of not less than three (3) years after submission of its Final Subregional Housing Allocation to SCAG.

V. Financial Assistance.

In consideration for Subregion's agreement to undertake all delegation duties required by this Agreement, SCAG shall provide to Subregion financial assistance in the maximum amount of _____ (**fill in amount which is based upon \$2,500 for each local government in the Subregion**), hereinafter referred to as "Financial Assistance". Subregion shall utilize the Financial Assistance solely to implement the terms of this Agreement, including but not limited to, providing staffing (both administrative and technical) to undertake the delegation duties required herein. Subregion shall be responsible for any additional costs required to implement this Agreement that is above the amount of Financial Assistance.

SCAG shall disburse the Financial Assistance to Subregion based upon the following performance milestones:

1. Full Execution of Agreement: Disbursement of 25% of Financial Assistance;
2. Release of draft Subregional Housing Allocation plan: Disbursement of 25% of Financial Assistance;
3. Completion of Appeals Process: Disbursement of 25% of Financial Assistance; and
4. Delivery to SCAG and approval by SCAG of Final Subregional Housing Allocation: Disbursement of 25% of Financial Assistance.

Subregion shall submit sufficient documentation to SCAG to evidence its completion of the above-mentioned performance milestones prior to disbursement of the Financial Assistance. By way of example, in order to evidence completion of the appeals process, Subregion shall submit a written report to SCAG detailing the appeal process, including information relating to the number of appeals and its respective outcomes. SCAG shall have the right to request and review additional information from Subregion in order to approve disbursement of the Financial Assistance.

VI. Termination of Agreement.

- A. Termination by Subregion. Subregion shall have the right to terminate this Agreement without cause by giving written notice to SCAG by no later than December 31, 2019, of its intent to terminate. In such event all finished or unfinished documents, data, studies, reports or other materials prepared by Subregion relating to this Agreement shall be given to SCAG. In the event of termination, Subregion shall forfeit any Financial Assistance not disbursed by SCAG.

- B. Termination by SCAG. SCAG shall have the right to terminate this Agreement with cause, including but not limited to, if SCAG has a reasonable basis to conclude that Subregion shall be unable to fulfill in a timely and proper manner its duties under this Agreement. SCAG shall provide written notice to Subregion of its intent to terminate this Agreement, which shall be effective ten (10) days from the date on the notice. In the event of such termination, all finished or unfinished documents, data, studies, reports or other materials prepared by Subregion relating to this Agreement shall be given to SCAG in order for SCAG to determine the local allocation of need for all cities and counties within the Subregion. As a result of termination of this Agreement, SCAG reserves the right to distribute the share of regional housing need to cities and counties within the Subregion. In the event of termination by SCAG, Subregion shall forfeit any Financial Assistance not disbursed by SCAG.

VII. Other Provisions.

- A. Notices. All notices required to be delivered under this Agreement or under applicable law shall be personally delivered, or delivered by U.S. mail, certified, or by reputable document delivery service such as Federal Express. Notices personally delivered or delivered by a document delivery service shall be effective upon receipt. Notices shall be delivered as follows:

SCAG: Southern California Assn. of Governments
Attn: Kome Ajise, Director of Planning
900 Wilshire Blvd, 17th Floor
Los Angeles, CA 90017

Subregion: (Name of Subregional Entity)
Attn: _____

- B. Prohibition against Assignment/Subcontract. Subregion shall not assign or subcontract any rights, duties or obligation in this Agreement.
- C. Governing Law. The interpretation and enforcement of this Agreement shall be governed by the laws of the State of California.
- D. Time is of Essence. Time is expressly made of the essence with respect to the performance of the Parties and of each and every obligation and condition of this Agreement.

- E. Amendments in writing. This Agreement cannot be orally amended or modified. Any modification or amendment hereof must be in writing and signed by the Party to be charged.

- F. Interpretation; Days. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural, and the masculine shall include the feminine and neuter and vice versa. Whenever the word "day" or "days" is used herein, such shall refer to calendar day or days, unless otherwise specifically provided herein. Whenever a reference is made herein to a particular Section of this Agreement, it shall mean and include all subsections and subparts thereof.

- G. Exhibits. All exhibits referred to in this Agreement are attached hereto and incorporated herein by reference.

- H. Cooperation between the Parties/Dispute Resolution. SCAG and Subregion are each undertaking the responsibilities of this Agreement for the benefit of their respective members. The Parties agree and acknowledge that it is their best interest to engage in cooperation and coordination with each other in order to carry out its responsibilities herein. In this spirit of cooperation, the Parties agree that neither party will seek any action in law or in equity. Disputes regarding the interpretation or application of any provision of this Agreement shall be resolved through good faith negotiations between the Parties. Changes in exigent circumstances or the RHNA Law may cause a party to conclude that this Agreement should be amended. If the Parties cannot agree on changes to this Agreement, the Parties can terminate this Agreement; in no event shall either Party seek any legal or equitable remedy against the other.

- I. Entire Agreement. This Agreement constitutes the entire understanding between the Parties. All prior agreements or understandings, whether oral or written, are superseded. Each Party is entering this Agreement based solely upon the representations set forth herein. This Agreement may be executed in counterpart originals, and when the original signatures are assembled together, shall constitute a binding agreement of the Parties.

[Signature Page to follow.]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by its duly authorized officers, shall become effective as of the date in which the last of the Parties, whether SCAG or Subregion, executes this document.

**SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS
("SCAG")**

**(NAME OF SUBREGIONAL ENTITY)
("Subregion")**

By _____

By _____

Date _____

Date _____

Approved as to form:

Approved as to form:

Joann Africa, Chief Counsel

By _____
Counsel for Subregion

Exhibit "A" to RHNA Delegation Agreement

Copy of California Government Code Section 65584 et seq. – to be attached

Exhibit “B” to RHNA Delegation Agreement

By June 28, 2019	Notice of Intent submitted by Delegate Subregion
By July 31, 2019	SCAG to provide Delegate Subregion with local growth forecast and survey information
By August 31, 2019	State HCD to provide SCAG with Regional Housing Need Determination
By August 31, 2019	Deadline for SCAG and Delegate Subregion to enter into Delegation Agreement (adopting resolutions to be approved beforehand)
By Sept. 30, 2019	SCAG to provide Delegate Subregion with Subregional Housing Need and conduct public hearing
By Oct. 31, 2019	SCAG to release its draft regional housing need allocation methodology; Delegate Subregion releases its draft subregional housing need allocation methodology
By Dec. 31, 2019	HCD reviews and provides findings on SCAG’s draft regional housing need allocation methodology; HCD reviews and provides findings on Delegate Subregion’s draft subregional housing need allocation methodology; SCAG and the Delegate Subregion adopt their respective final regional housing need allocation methodologies prior to the distribution of their respective Draft RHNA Plans
	Last day for Subregional Entity to terminate Delegation Agreement and relinquish its delegation responsibilities
By April 2, 2020	SCAG to release Draft RHNA Plan; Delegate Subregion releases Draft Subregional Housing Allocation Plan
By July 31, 2020	Appeals (if any) addressed by SCAG and Delegate Subregion
By July 31, 2020	Delegate Subregion to approve its Final Subregional Housing Allocation Plan and submit it to SCAG
By October 31, 2020	SCAG to approve its Final RHNA Plan, which incorporates the Final Subregional Housing Allocation Plan by the Delegate Subregion; Submittal of Final RHNA Plan to State HCD
By November 30, 2020	Deadline for HCD to approve SCAG’s Final RHNA Plan
October 31, 2021	Deadline for updates of Local Housing Elements



Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
March 4, 2019

To: Regional Housing Needs Assessment Subcommittee (RHNA)

INTERIM
EXECUTIVE DIRECTOR'S
APPROVAL

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

A handwritten signature in blue ink, appearing to read "Pia Lin", is written over the printed name of the Executive Director.

Subject: Finalize Local Planning Factor Survey

RECOMMENDED ACTION:

Approve distribution of the local planning factor survey, affirmatively furthering fair housing survey, and replacement need survey as part of the development of the RHNA methodology.

STRATEGIC PLAN:

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

EXECUTIVE SUMMARY:

In March 2019, SCAG will distribute a survey packet to local jurisdictions with three surveys: (1) Local planning factor survey; (2) affirmatively furthering fair housing (AFFH) survey; and (3) replacement need survey. State law requires that SCAG survey its jurisdictions on local planning factors prior to the development of its proposed RHNA methodology along with information on fair housing analyses to affirmatively further fair housing. The due date for the survey packet is April 30, 2019.

BACKGROUND:

Government Code Section 65584.04(b) requires that SCAG survey its jurisdictions on local planning factors no more than six months prior to the development of its proposed RHNA methodology. Formerly known as "AB 2158 factors" due to the eponymous 2004 State legislation, these factors cover a range of planning opportunities and constraints that will allow the development of a methodology and are listed in Government Code Section 65584.04(e). SCAG is required to review each of these factors in its proposed RHNA methodology.

Subsequent to receiving their draft RHNA allocation, jurisdictions may file an appeal to their own draft allocation or the allocation of another jurisdiction within the region. Per Government Code Section 65584.05(b)(1), an appeal may be filed based on the claim that SCAG did not adequately consider the information submitted under the proposed methodology planning factor survey. For an appeal to be based on the planning factors listed in subsection (e) of Government Code

65584.04, a jurisdiction is required to have submitted a local planning factor survey with input on the corresponding local planning factors.

There are fourteen (14) specific planning factors listed in Government Code Section 65584.04(e) that are required to be included in the proposed methodology survey. The full language of each factor is listed in the appendix for the attached draft survey and generally described as follows:

- (1) Existing and projected jobs and housing relationship, particularly the number of low-wage jobs and number of housing units affordable to low wage workers;
- (2) Lack of capacity for sewer or water service due to laws, regulations or actions made outside of the jurisdiction's control;
- (3) Availability of land suitable for urban development or for conversion to residential use – cannot be limited by existing zoning ordinances and local land use restrictions of a locality;
- (4) Lands protected from development under Federal or State programs or locally approved ballot measures, including to protect open space, farmland, and environmental habitats and resources;
- (5) County policies to preserve prime agricultural land subject to local approved ballot measure;
- (6) Distribution of household growth assumed for regional transportation planning and opportunities to maximize use of public transportation;
- (7) Agreements between a county and cities to direct growth to incorporated areas of the county;
- (8) Loss of low income units through mortgage prepayments, contract expirations or termination of use restrictions;
- (9) Percentage of existing households that pay more than 30% and more than 50% of their income in rent;
- (10) The rate of overcrowding;
- (11) The housing needs of farmworkers;
- (12) Housing needs generated by the presence of a university campus within the jurisdiction;
- (13) Loss of units during a declared state of emergency that have yet to be rebuilt or replaced at the time of the survey; and
- (14) The region's greenhouse gas emission targets provided by the California Air Resources Board.

SCAG may also elect to adopt other factors to include in the survey provided that the additional factors either (1) further one of the objectives of State housing law or (2) does not undermine the objectives, is applied equally to all household income levels, and that it is necessary to address significant health and safety conditions. At the February 4, 2019 RHNA Subcommittee meeting, SCAG staff presented on the planning factors and survey, but did not receive any additional input on the factors.

While jurisdictions can provide input on local planning conditions as part of the survey, there are several criteria that **cannot** be used to determine or reduce a jurisdiction's RHNA allocation, per Government Code Section 65584.05 (g):

- (1) Any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits issued by the jurisdiction
- (2) Underproduction of housing units as measured by the last RHNA cycle allocation
- (3) Stable population numbers as measured by the last RHNA cycle allocation

As part of an integrated approach to long-range transportation and land use planning, SCAG surveyed jurisdictions on local planning factors in its Bottoms-up Local Input and Envisioning Process. For convenience, survey answers received by SCAG are pre-populated for each jurisdiction that submitted them. However, jurisdictions are encouraged to review these answers and provide any additional edits, as needed. Moreover, several factors added by recent legislation, including jobs-housing balance/fit, households that overpay in rent, rate of overcrowding, loss of units from a state of emergency, and regional greenhouse gas emission targets, have been added since the conclusion of the local input process.

Because a number of local planning factors are not confined solely within a jurisdiction's boundaries, SCAG will distribute the survey to subregions to seek input on how these factors may impact multiple jurisdictions or subregions. The subregional survey on local planning factors is attached to this report.

While SCAG will review all survey submissions, the intent of the survey is not to reduce the RHNA need for jurisdictions but rather to review housing data and trends and to develop an accurate RHNA methodology. Once the proposed methodology is adopted, it will be applied to the regional housing need determination as provided by the California Department of Housing and Community Development (HCD) to determine each jurisdiction's draft RHNA allocation. Jurisdictions may refer to the local planning factors as a basis for an appeal to a draft RHNA allocation if they decide to file an appeal.

Affirmatively Furthering Fair Housing (AFFH)

In addition to local planning factors, the survey must now also review and compile fair housing issues, strategies, and actions of jurisdictions in respect to affirmatively furthering fair housing. Per Assembly 1771 (Bloom), SCAG is required to survey this information, as available, that are included in "an Analysis of Impediments to Fair Housing Choice or an Assessment of Fair Housing completed by any city or county or the department....and in housing elements" within the SCAG region.

AB 1771, codified under Government Code Section 65584(d)(5), added "affirmatively furthering fair housing" as a fifth objective to the four original RHNA objectives along with a general definition of AFFH, which closely mirrors the definition outlined by the U.S Department of Housing and Urban Development (HUD):

(e) For purposes of this section, “affirmatively furthering fair housing” means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.

Jurisdictions are required by HUD to conduct an Assessment of Fair Housing as an assessment tool as part of their requirement to receive certain HUD grants. However, in early 2018 HUD suspended this obligation for most jurisdictions until after 2020 due to the need for additional time and technical assistance to adjust to recent requirement updates. Because of this and the indication that not all jurisdictions are HUD grant recipients with familiarity with these requirements, it is expected that survey submission for affirmatively furthering fair housing will be limited. However, jurisdictions may also use information in their housing element to answer the AFFH survey.

After collecting survey responses, SCAG is required to report the results of the survey online and describe common themes and effective strategies employed by jurisdictions, including “common themes and trends related to avoiding the displacement of lower-income households.” The report must also identify significant barriers to address affirmatively furthering fair housing at the regional level and may recommend strategies or actions to overcome those barriers. The survey and the report may also be used for *Connect SoCal* (2020 Regional Transportation Plan/Sustainable Communities Strategy). Due to the new RHNA requirements of stronger integration with social equity issues, SCAG staff is planning to update the Environmental Justice Working Group (EJWG) after the survey distribution and again after the survey results have been collected.

Replacement Need Survey

In addition to local planning factors and AFFH, SCAG plans to also survey jurisdictions on replacement need. Demolition data, which are units that are destroyed due to complete rebuilding or natural disasters and reported by each jurisdiction to the State, is one of the data points used during the regional determination process with HCD. In prior RHNA cycles, units that were replaced after demolition were “credited” at the regional determination level and in the local RHNA allocation. While there is no guarantee that the consultation process with HCD, which will begin in Spring 2019 and conclude by August 2019, will include units that have been replaced, SCAG is surveying its jurisdictions on replaced units in the event that this data can be considered during that process.

Timeline

All information submitted in the surveys will be reviewed by the RHNA Subcommittee during the development of the proposed RHNA methodology. SCAG staff anticipates distributing the survey to all planning directors and posting the survey on its website no later than March 2019 after a final review from the RHNA Subcommittee. Surveys will be due to SCAG by April 30, 2019. SCAG staff will update the RHNA Subcommittee, Community, Economic & Human Development (CEHD) Committee, Technical Working Group (TWG), and the EJWG on the survey results, as needed.

Attached to this staff report is a sample packet of the surveys (planning factor survey, AFFH survey, and replacement need survey) that will be distributed. The surveys will be distributed in an electronic format to jurisdiction planning directors and subregional staff.

FISCAL IMPACT:

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

ATTACHMENT(S):

1. AFFH Survey revised
2. Local Planning Factor Survey subregion
3. Local Planning Factor Survey
4. Local Planning Factors
5. Replacement Need Survey

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Affirmatively Furthering Fair Housing (AFFH) Survey

SCAG is surveying cities and counties on information related to affirmatively further fair housing* as part of its development of the Regional Housing Needs Assessment (RHNA) proposed methodology. Information related to AFFH may be obtained from local analysis for housing choice, housing elements, and other sources. Using your jurisdiction’s Analysis of Impediments to Fair Housing Choice, Assessment of Fair Housing, and/or local housing element, please answer the questions below about local issues, strategies and actions regarding AFFH and submit your answers no later than April 30, 2019 to housing@scag.ca.gov.

Data Sources

1a. Does your jurisdiction have an Analysis of Impediments to Fair Housing Choice or an Assessment of Fair Housing due to U.S. Department of Housing and Urban Development (HUD) requirements?

Yes	
No	

2. When did you jurisdiction last update the General Plan?

Year	
------	--

3a. Does your General Plan have an environmental justice/social equity chapter or integrate environmental justice/social equity, per SB 1000?

Yes	
No	
In process	

3b. If you answered yes or in process to question 3a, how does your General Plan integrate or plan to integrate environmental justice?

A) An environmental justice chapter	
B) Throughout the General Plan in each chapter	
C) Both	

* Per Government Code 65584(e), affirmatively furthering fair housing is defined as “taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.”

Fair Housing Issues

4. Describe demographic trends and patterns in your jurisdiction over the past ten years. Do any groups experience disproportionate housing needs?

--

5. To what extent do the following factors impact your jurisdiction by contributing to segregated housing patterns or racially or ethnically-concentrated areas of poverty?

Land use and zoning laws, such as minimum lot sizes, limits on multi-unit properties, height limits, or minimum parking requirements	
Occupancy restrictions	
Residential real estate steerings	
Patterns of community opposition	
Economic pressures, such as increased rents or land and development costs	
Major private investments	
Municipal or State services and amenities	
Foreclosure patterns	
Other	

6. To what extent do the following acts as determinants for fair housing and compliance issues in your jurisdiction?

Unresolved violations of fair housing or civil rights laws	
Patterns of community opposition	
Support or opposition from public officials	
Discrimination in the housing market	
Lack of fair housing education	
Lack of resources for fair housing agencies and organizations	

Fair Housing Strategies and Actions

7. What are your public outreach strategies to reach disadvantaged communities?

Partnership with advocacy/non-profit organizations	
Partnership with schools	
Partnership with health institutions	
Variety of venues to hold community meetings	
Door-to-door interaction	
Increased mobile phone app engagement	
Other	

8. What steps has your jurisdiction undertaken to overcome historical patterns of segregation or remove barriers to equal housing opportunity?

--

9. What steps has your jurisdiction undertaken to avoid, minimize, or mitigate the displacement of low income households?

--

Regional Housing Needs Assessment (RHNA) Local Planning Factor Survey for Subregions

The RHNA process requires that SCAG survey its jurisdictions on local planning factors (formerly known as “AB 2158 factors”) prior to the development of a proposed RHNA methodology, per Government Code 65584.04 (b). However because a number of planning factors are not confined to single jurisdictions, SCAG is also collecting any available information on the planning factors at the subregional level in concurrence with the individual jurisdiction survey. Information collected from this survey will be included as part of the proposed RHNA methodology.

Per Government Code Section 65584.04 (g), there are several criteria that **cannot** be used to determine or reduce a jurisdiction’s RHNA allocation:

- (1) Any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits issued by the jurisdiction
- (2) Underproduction of housing units as measured by the last RHNA cycle allocation
- (3) Stable population numbers as measured by the last RHNA cycle allocation

The planning factors in the table below are abbreviated. For the full language used, please refer to Government Code Section 65584.04 (e) or the attached reference list.

Please review and submit the survey by 5 p.m. April 30, 2019 to housing@scag.ca.gov.

Planning Factor	Impact on Other Jurisdictions within Subregion
<p>[UPDATED] Existing and projected jobs and housing relationship, particularly low-wage jobs and affordable housing</p>	
<p>Lack of capacity for sewer or water service due to decisions made outside of the jurisdiction's control</p>	
<p>Availability of land suitable for urban development</p>	

<p>Lands protected from development under Federal or State programs</p>	
<p>County policies to preserve agricultural land</p>	
<p>Distribution of household growth assumed for regional transportation planning and opportunities to maximize use of public transportation</p>	
<p>Agreements between a county and cities to direct growth to incorporated areas of the county</p>	

<p>Loss of low income units through contract expirations</p>	
<p>[NEW] Percentage of households that pay more than 30% and more than 50% of their income on rent</p>	
<p>[NEW] Rate of overcrowding</p>	
<p>Farmworker housing needs</p>	

<p>Housing needs generated by the presence of a university campus within the jurisdiction</p>	
<p>[NEW] Loss of units during a declared state of emergency that have yet to rebuilt at the time of this survey</p>	
<p>[NEW] The region's greenhouse gas emission targets provided by the California Air Resources Board</p>	
<p>Other factors as adopted by SCAG</p>	

Local Planning Factors Full List*

- (1) Each member jurisdiction's existing and projected jobs and housing relationship. This shall include an estimate, based on readily available data, of the number of low-wage jobs within the jurisdiction and how many housing units within the jurisdiction are affordable to low-wage workers as well as an estimate, based on readily available data, of projected job growth and projected household growth by income level within each member jurisdiction 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. The council of governments 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. The determination of available land suitable for urban development may exclude lands where the Federal Emergency Management Agency (FEMA) or the Department of Water Resources has determined that the flood management infrastructure designed to protect that land is not adequate to avoid the risk of flooding.
- (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, including land zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of that jurisdiction that prohibits or restricts conversion to non-agricultural uses.
- (4) County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area, and land within an unincorporated area zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of that jurisdiction that prohibits or restricts its conversion to non-agricultural uses.
- (5) 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.
- (6) Agreements between a county and cities in a county to direct growth toward incorporated areas of the county, and land within an unincorporated area zoned or designated for agricultural protection or presentation that is subject to a local ballot measure that was approved by the voters of the jurisdiction that prohibits or restricts conversion to nonagricultural uses.

* Per Government Code Section 65584.04 (e)

- (7) The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583, that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.
- (8) The percentage of existing households at each of the income levels listed in subdivision (e) of Section 65584 that are paying more than 30 percent and more than 50 percent of their income in rent.
- (9) The rate of overcrowding.
- (10) The housing needs of farmworkers.
- (11) 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.
- (12) The loss of units during a state of emergency that was declared by the Governor pursuant to the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2), during the planning period immediately preceding the relevant revision pursuant to Section 65588 that have yet to be rebuilt or replaced at the time of the analysis.
- (13) The region's greenhouse gas emissions targets provided by the State Air Resources Board pursuant to Section 65080.
- (14) Any other factors adopted by the council of governments that further the objectives listed in subdivision (d) of Section 65584, provided that the council of governments specifies which of the objectives each additional factor is necessary to further. The council of governments may include additional factors unrelated to furthering the objectives listed in subdivision (d) of Section 65584 so long as the additional factors do not undermine the objectives listed in subdivision (d) of Section 65584 and are applied equally across all household income levels as described in subdivision (f) of Section 65584 and the council of governments makes a finding that the factor is necessary to address significant health and safety conditions.

Regional Housing Needs Assessment (RHNA) Local Planning Factor Survey

The RHNA process requires that SCAG survey its jurisdictions on local planning factors (formerly known as “AB 2158 factors”) prior to the development of a proposed RHNA methodology, per Government Code 65584.04 (b). Information collected from this survey will be included as part of the proposed RHNA methodology.

If your jurisdiction submitted information on planning factors as part of the local input process (conducted between October 2017 and October 2018), your data has been pre-populated in the table. Please review the data and let SCAG know if your jurisdiction would like to submit any edits to this information. Please keep in mind that recent housing-related legislation has updated some of the factors listed and were not included in the prior survey.

Per Government Code Section 65584.04 (g), there are several criteria that **cannot** be used to determine or reduce a jurisdiction’s RHNA allocation:

- (1) Any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits issued by the jurisdiction
- (2) Underproduction of housing units as measured by the last RHNA cycle allocation
- (3) Stable population numbers as measured by the last RHNA cycle allocation

The planning factors in the table below are abbreviated. For the full language used, please refer to Government Code Section 65584.04 (e) or the attached reference list.

Please review and submit the survey by 5 p.m. April 30, 2019 to housing@scag.ca.gov.

Planning Factor	Impact on Jurisdiction
<p>[UPDATED] Existing and projected jobs and housing relationship, particularly low-wage jobs and affordable housing</p>	
<p>Lack of capacity for sewer or water service due to decisions made outside of the jurisdiction's control</p>	
<p>Availability of land suitable for urban development</p>	

<p>Lands protected from development under Federal or State programs</p>	
<p>County policies to preserve agricultural land</p>	
<p>Distribution of household growth assumed for regional transportation planning and opportunities to maximize use of public transportation</p>	
<p>Agreements between a county and cities to direct growth to incorporated areas of the county</p>	

<p>Loss of low income units through contract expirations</p>	
<p>[NEW] Percentage of households that pay more than 30% and more than 50% of their income on rent</p>	
<p>[NEW] Rate of overcrowding</p>	
<p>Farmworker housing needs</p>	

<p>Housing needs generated by the presence of a university campus within the jurisdiction</p>	
<p>[NEW] Loss of units during a declared state of emergency that have yet to rebuilt at the time of this survey</p>	
<p>[NEW] The region's greenhouse gas emission targets provided by the California Air Resources Board</p>	
<p>Other factors as adopted by SCAG</p>	

Local Planning Factors Full List*

- (1) Each member jurisdiction's existing and projected jobs and housing relationship. This shall include an estimate, based on readily available data, of the number of low-wage jobs within the jurisdiction and how many housing units within the jurisdiction are affordable to low-wage workers as well as an estimate, based on readily available data, of projected job growth and projected household growth by income level within each member jurisdiction 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. The council of governments 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. The determination of available land suitable for urban development may exclude lands where the Federal Emergency Management Agency (FEMA) or the Department of Water Resources has determined that the flood management infrastructure designed to protect that land is not adequate to avoid the risk of flooding.
- (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, including land zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of that jurisdiction that prohibits or restricts conversion to non-agricultural uses.
- (4) County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area, and land within an unincorporated area zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of that jurisdiction that prohibits or restricts its conversion to non-agricultural uses.
- (5) 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.
- (6) Agreements between a county and cities in a county to direct growth toward incorporated areas of the county, and land within an unincorporated area zoned or designated for agricultural protection or presentation that is subject to a local ballot measure that was approved by the voters of the jurisdiction that prohibits or restricts conversion to nonagricultural uses.

* Per Government Code Section 65584.04 (e)

- (7) The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583, that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.
- (8) The percentage of existing households at each of the income levels listed in subdivision (e) of Section 65584 that are paying more than 30 percent and more than 50 percent of their income in rent.
- (9) The rate of overcrowding.
- (10) The housing needs of farmworkers.
- (11) 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.
- (12) The loss of units during a state of emergency that was declared by the Governor pursuant to the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2), during the planning period immediately preceding the relevant revision pursuant to Section 65588 that have yet to be rebuilt or replaced at the time of the analysis.
- (13) The region's greenhouse gas emissions targets provided by the State Air Resources Board pursuant to Section 65080.
- (14) Any other factors adopted by the council of governments that further the objectives listed in subdivision (d) of Section 65584, provided that the council of governments specifies which of the objectives each additional factor is necessary to further. The council of governments may include additional factors unrelated to furthering the objectives listed in subdivision (d) of Section 65584 so long as the additional factors do not undermine the objectives listed in subdivision (d) of Section 65584 and are applied equally across all household income levels as described in subdivision (f) of Section 65584 and the council of governments makes a finding that the factor is necessary to address significant health and safety conditions.

Housing Unit Demolition Data Survey Form

Please complete and return the survey by April 30, 2019 to housing@scag.ca.gov.

City: Brawley
County: Imperial

Report Year	Demolished Housing Units Lost									Newly Constructed or Permitted Housing Units (on site of demolition)								Not Developed Nor Permitted for Housing Uses After the				
	Single Unit Structure				Multi-unit Structure			Total units lost	Affordable units out of total units	Single Unit Structure				Multi-unit Structure			Total units gained	Affordable units out of total units	Not Developed		Land Use Change	
	Detached	Attached	Mobile Homes	Total	2, 3, or 4-plex	5 or more	Total			Detached	Attached	Mobile Homes	Total	2, 3, or 4-plex	5 or more	Total			Parcels	Units	Parcels	Units
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
2009	-4	0	0	-4	0	0	0	-4														
2010	-12	0	0	-12	-2	0	-2	-14														
2011	-4	0	0	-4	0	0	0	-4														
2012	-11	0	0	-11	-2	0	-2	-13														
2013	-3	-3	0	-6	0	0	0	-6														
2014	-14	0	0	-14	0	0	0	-14														
2015	-9	0	0	-9	0	0	0	-9														
2016	-6	0	0	-6	0	0	0	-6														
2017	-8	0	0	-8	0	0	0	-8														
2018	-9	0	-45	-54	-1	0	-1	-55														

Directions

Column A-I	Confirm that the number of demolished units for each category is correct.
Column J	Enter the number of affordable housing units that were among the demolished housing units.
Column K-R	Enter the number of newly constructed or permitted housing units on the site of demolition.
Column S	Enter the number of affordable housing units among the newly constructed or permitted housing units on the site of demolition.
Column T-U	For sites that remained vacant after the demolition where zoning is designated for housing uses, enter the number of parcels and potential housing unit capacity on these sites
Column V-W	For sites that have been converted to non-housing units after the demolition or sites that have remained vacant after the demolition where zoning is designated for non-housing uses, enter the number of parcels and the potential loss of housing unit capacity from the changes.

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

March 4, 2019

To: Regional Housing Needs Assessment Subcommittee (RHNA)

INTERIM
EXECUTIVE DIRECTOR'S
APPROVAL

From: Kevin Kane, Associate Regional Planner, Research & Analysis,
(213) 236-1878, kane@scag.ca.gov



Subject: Update on SCAG's RHNA Regional Determination Consultation
Package

RECOMMENDED ACTION:

For discussion.

STRATEGIC PLAN:

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

EXECUTIVE SUMMARY:

This report provides an update on the development of input for the consultation process with the state Department of Housing and Community Development (HCD) for the RHNA process' determination of the region's housing needs.

BACKGROUND:

Based on the initial framework for the consultation package presented at the February 4, 2019 RHNA Subcommittee meeting, staff provides an update which includes a hypothetical illustration of likely ranges of regional housing needs. The initial framework included the following goals:

- Follow the SCAG 2020 RTP/SCS (Connect SoCal) Integrated Growth Forecasting process, procedure, methodology, and results through bottom-up local review, comment, and input.
- Provide the best outcomes for the SCAG region housing needs assessment and determination, meet the requirements of the law, and use the best available data and technical methodology.
- Research the appropriate factors and causes associated with "existing housing needs."
- Develop policy responses for a long-term robust, stable, supply of sites and zoning for housing construction, job creation and economic development.

The regional totals for employment, population, and households from SCAG's Bottom-Up Local Input and Envisioning Process have been reviewed by staff and are found to be robust and reasonable. These figures now form the basis for SCAG's 2020 RTP/SCS Integrated Growth Forecast. While the region-level total for households is slightly below the midpoint draft calculation, it is well above the "low" series produced in 2017 at the beginning of the 2020 RTP/SCS forecasting process. For 2045, the plan's horizon year, two key reasonableness checks were met

and will be reported at the March 7, 2019 CEHD meeting. This finding indicates that, for the purposes of the regional determination, SCAG's forecast is commensurate with expected household growth over the projection period.

Attached is a hypothetical illustration of likely ranges of housing needs over a 7.5-year planning period in the SCAG region from January 1, 2018 to July 1, 2025. The 6th cycle RHNA planning period runs from July 1, 2021 to October 1, 2029.

This hypothetical illustration is intended to provide the Subcommittee and other stakeholders a first look at what a regional determination *might* look like—specifically:

- How region-wide data and assumptions specified in state law may impact the regional total,
- A rough estimate of how the considerations in SCAG's initial framework could affect regional totals,
- An illustration of the regional housing needs determination process.

This hypothetical is *only for illustrative purposes* and is *not* intended to:

- Provide staff's opinion of existing or projected housing need over this or any other planning period,
- Reflect conditions in any specific local jurisdiction,
- Provide any direct indication of how a jurisdiction's RHNA allocation will be determined.

Two alternatives are presented using different assumptions¹.

- Illustration one
 - Projected housing needs: 476,000 units
 - "Existing"/other/backlog housing needs: 53,000
 - Total housing needs: 529,000
- Illustration two
 - Projected housing needs: 574,000
 - "Existing"/other/backlog housing needs: 556,000
 - Total housing needs: 1,130,000

Key takeaways include:

- The determination of needs based on projected growth and a determination of excess, existing housing needs is distinct
 - Past RHNA practice has been principally based on accommodating projected future growth
 - Projected housing needs are consistent with SCAG's 2020 RTP/SCS household forecast
 - Estimates of existing need can vary dramatically based on different approaches

¹ As background, for the 5th cycle RHNA, HCD determined a range of housing need of 409,060 to 438,030 units for the SCAG region for the planning period of 2014 to 2021.

- Staff will continue to research ways to increase these estimates' robustness and reasonableness, focusing on:
 - How to estimate existing needs
 - How existing needs reflect, and can be integrated into suitable development sites and zoning designations
 - Broader housing supply and affordability issues and how SCAG may be able to support jurisdictional efforts, with a particular focus on new financing tools such as Enhanced Infrastructure Finance Districts (EIFDs).

In addition, we highlight a February 2019 report from the State Legislative Analyst's Office entitled "What can be done to improve local planning for housing?" which provides a context for the Governor's proposed changes to housing planning and production targets. Specific areas of emphasis include:

- State funding for affordable housing is insufficient to meet RHNA targets—this may be the most efficient means to alleviating housing supply and affordability issues
- A planning period that is longer than the 8-year RHNA cycle would better allow jurisdictions to encourage housing development, preventing lock-in and helping to accomplish region-level goals such as infrastructure development or greenhouse gas emissions targets

FISCAL IMPACT:

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

ATTACHMENT(S):

1. Worksheet – Hypothetical illustration of housing needs over a 7.5-year planning period
2. LAO report regarding local planning for housing - February 2019

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Hypothetical illustration of housing needs over a 7.5-yr. planning period (SCAG region, Jan. 1, 2018 - Jul. 1, 2025)

1	Population: July 1, 2025	20,273,784
	- Estimate of group quarters population	354,064
	Household (HH) Population, 7/1/2025	19,919,719
TOTALS/DESCRIPTION		
2	Household Formation Groups	Projected HH Population
		19,919,719
	under 15 years	3,795,974
	15 - 24 years	2,612,363
	25 - 34 years	2,873,516
	35 - 44 years	2,745,773
	45 - 54 years	2,395,332
	55 - 64 years	2,218,803
	65 -74 years	1,774,967
	75 - 84 years	1,003,785
	85+	499,206
3	Projected Households, July 1, 2025	
4	CA DOF Occupied housing units, January 1, 2018 (E-5)	6,073,761

ILLUSTRATION 1		
	Headship rate	Projected Households
		6,537,080
	0.0%	n/a
	5.6%	145,860
	31.1%	894,262
	46.3%	1,270,763
	51.1%	1,223,416
	52.4%	1,161,679
	55.4%	982,468
	56.0%	562,390
	59.3%	296,243
		6,537,080

ILLUSTRATION 2		
	Headship rate (alternative)	Projected Households
		6,628,897
	0.0%	n/a
	6.4%	166,327
	32.6%	935,523
	46.5%	1,277,643
	51.1%	1,224,207
	53.0%	1,175,121
	54.8%	972,486
	57.5%	577,357
	60.1%	300,232
		6,628,897

EXAMPLE ONLY - Projected household growth, Jan 1, 2018 - Jul 1, 2025 (7.5 years)				463,319
+ Adjustment to ensure future healthy market vacancy				
	Owner	Renter		
	Tenure Percentage (2017 1-year ACS DP04)	52.43%	47.57%	
	Projected HH Growth by Tenure	242,918	220,401	
	Healthy market vacancy rate	1.50%	5.00%	
	Future Vacancy Needs Adjustment	3,644	11,020	14,664
7	+ Replacement Adjustment		0.50%	2,317
8	- Less: Household growth on tribal lands - updated estimate PENDING			-3,898
9	Regional Housing Need due to Projected Growth over a 7.5-year planning period			476,402

			555,136
	Owner	Renter	
	52.43%	47.57%	
	291,058	264,078	
	1.58%	5.88%	
	4,610	15,530	20,141
		0.50%	2,776
			-3,898
			574,154

EXAMPLE ONLY - Additional housing need due to existing undersupply to be addressed through RHNA				
+ Adjustment to correct for vacancy below healthy market rate				
	Owner	Renter	Total	
	Tenure Percentage (2017 1-year ACS DP04)	52.43%	47.57%	
	Existing housing units by tenure on January 1, 2018 (CA DOF)	3,184,473	2,889,288	
	SCAG Region For Sale/For Rent Vacancy Rate, 2017 1-year ACS DP04	1.10%	3.28%	
	Healthy market vacancy rate (2 alternatives shown)	1.50%	5.00%	
	Difference	0.40%	1.72%	
	Existing Vacancy Needs Adjustment	12,738	49,696	62,434
11	+ Overcrowding Adjustment			
	Existing Households			6,073,761
	SCAG Total Overcrowding Rate (2017 1-year ACS B25014, >1.0/room)			9.82%
	Overcrowding rate, (1) Comparable region average, (2) Census West region			7.49%
	Difference			2.33%
	Overcrowding Adjustment			141,549
12	+ Cost Burdenedness Adjustment			
	SCAG, (1) change in cost-burden, 2000-2017; (2) share rent-burdened, 2017	3,184,473	2,889,288	
	Cost-burden comparison vs. (1) US change, 2000-2017, (2) Comparable region avg., 2017	1.2%	7.2%	
	Difference	0.5%	4.1%	
	Cost burdenedness adjustment	23,582	88,983	112,565
13	ILLUSTRATION of existing need, (1) average of three approaches, (2) sum of three approaches			105,516
14	ILLUSTRATION - adjustment of housing need to address various shortcomings in measurement approach		50.0%	
	Additional housing need due to undersupply as of Jan 1, 2018 ("existing need")			52,758

			240,327
	Owner	Renter	Total
	52.43%	47.57%	
	3,184,473	2,889,288	
	1.10%	3.28%	
	1.58%	5.88%	
	0.48%	2.60%	
	15,285	75,121	90,407
			6,073,761
			9.82%
			5.86%
			3.96%
			240,327
		2,889,288	
		57.8%	
		50.0%	
		7.8%	
		225,364	225,364
			556,098
		100%	
			556,098

15	ILLUSTRATION OF TOTAL PROJECTED + EXISTING HOUSING NEEDS			529,159
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			1,130,252
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NOTES - UPDATED 2/19/2019

1	Population, group quarters population, and household population are derived from SCAG's 2020 RTP/SCS forecast, following the conclusion of the Bottom Up Local Input and Envisioning Process.
2	Headship rates are applied to the age-specific household population using the most recently available ACS data, 2017 1-year sample. The alternative approach uses ACS 2015 1-year data. Note: this is a simplified example only. For the actual calculation headship rates will also be split by race/ethnicity and sex.
3	The number of housing units from DOF's most recently available estimate.
4	Projected households at the end of the planning period using the above methodology.
5	Increase in the number of households expected from DOF's most recently available housing unit estimate until the end of the planning period.
6	Adjustment to ensure future healthy market vacancy. The housing to accommodate projected growth is adjusted upward by the healthy market vacancy rate, split by tenure type (owner/renter) using the most recently available tenure information. While Gov't Code 65584.01 specifies a 5% minimum for renter vacancy, 1.5% is used as an acceptable vacancy rate for for-sale housing. For comparison, 1.58% and 5.88% are California state annual averages since 1986--the first year for which data are available--for owned and rented housing, respectively.
7	Replacement Adjustment: A rate of 0.5% applied to projected growth reflects housing losses localities annually report to DOF, and is used as an estimate of the number of housing units destroyed/demolished but not replaced during the planning period.
8	Household growth identified on the tribal lands which are not subject to General Plan housing element update/planning. This analysis is pending; figures from the 5th cycle are used for this draft only.
9	Regional housing need due to projected growth. This is SCAG's estimate of housing need due to projected growth over a hypothetical 7.5-year planning period.
10	Adjustment to correct for vacancy below a healthy market rate in the existing housing stock. Consistent with 65584.01, this line reflects the housing need due to the difference between a fair market vacancy rate (discussed in item 6) and SCAG's current rate of for-rent and for-sale housing based on 2017 ACS 1-year data.
11	Adjustment to correct for excess overcrowding in the existing housing stock. Consistent with 65584.01, this line reflects the difference between the SCAG region's current share of households with more than one occupant per room and that of comparable regions. Extant research supports that household overcrowding can be due to both economic and demographic characteristics, and its measurement, especially using the above standard, is imprecise at best. The approach proposed above uses the average overcrowding rate of the top 10 Consolidated Statistical Areas (CSAs) by the share of their population which is foreign born and arrived in the US since the year 2000. As a longstanding immigrant gateway, the SCAG region has a high share of recent immigrant arrivals whose household formation patterns are distinctly different and are not necessarily reflective of the housing undersupply that the "1.0 per room" measure seeks to address. Given the largely demographic underpinnings of the overcrowding measure, this constitutes a reasonable definition of a "comparable housing market," per 65584.01. As an alternative, the value for the US Census Western States average is also presented in Illustration 2.
12	Adjustment to correct for household cost burden. While a more complete analysis is forthcoming, two alternatives for consideration are presented here. Illustration 1 shows the change in cost-burdened households (renter households paying more than 30% of income on housing) between 2000 and 2017 in the SCAG region and the US. While the share of cost-burdened households has grown nationwide in the last two decades, it has grown more quickly in the SCAG region--this adjustment would be designed to "correct" for this faster growth. An alternative compares SCAG's share of renter households which are cost burdened against the same set of comparable regions described above. Illustration 2 considers only renter households since their experience of cost-burdenedness is more reflective of housing insecurity and it may be more appropriate to consider renters only in this adjustment. Neither approach considers this statistic at different income levels.
13	Due to the strong relationship (high correlation) between measures of existing housing need (items 10, 11, and 12), a possible approach may be to take the average of the three adjustments above. This is only reflected in the first alternative.
14	This line proposes that only a share of existing housing need should be included in a regional determination based on several rationales that can be considered, (1) the fairly crude "1.0 per room" and "> 30% of income" standards in ACS overcrowding and cost burden measures, respectively, are only loosely related to housing undersupply, (2) that using the RHNA determination to "match" another "comparable region's" demographic characteristics is incomplete--the SCAG region is exceptionally large, diverse, and unique and converging to other regions' characteristics may not be appropriate, and (3) that only a share of housing need is attributable to site and zoning characteristics, the main policy tools of RHNA, whereas regional housing targets to not address other drivers of the region's housing affordability crisis including poor middle-income job growth, limited availability of
15	Illustration of regional housing needs over this hypothetical planning period.

ILLUSTRATION ONLY

The 2019-20 Budget: What Can Be Done to Improve Local Planning for Housing?

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Summary

California's cities and counties make most decisions about when, where, and to what extent housing will be built. The state requires cities and counties to carry out certain planning exercises in an attempt to ensure they accommodate needed home building. For a variety of reasons, this state oversight generally has been ineffective. For this reason—and others—too little housing has been built in many California communities, leading to a housing shortage and rising housing costs.

The Governor proposes changing state oversight of local housing decisions and proposes offering rewards to cities and counties to encourage them to plan for and approve housing. Specifically, the Governor proposes (1) establishing new short-term housing goals for local communities and providing them funding to help them plan to meet these goals, (2) offering additional funding to communities that make progress toward meeting the short-term goals, (3) revamping the state's existing process for establishing long-term housing goals for communities, and (4) linking receipt of funds for local streets and roads to communities' progress toward meeting long-term housing goals.

The Governor's plan to establish state-defined housing goals and have local governments carry out planning to meet these goals is not a new strategy. The state has carried out such a strategy for years with limited results. In addition, past state attempts to offer rewards to encourage communities to approve housing provide little assurance that such an approach will result in significantly more home building. Accordingly, we recommend the Legislature reject the Governor's proposal for short-term housing production goals and grants to locals.

Instead of focusing on the short term, the state may be better off focusing its scarce resources and efforts on boosting home building over the long term. Along those lines, the Governor's proposal to revamp long-term planning for housing is worthwhile. The Legislature has taken important steps in this areas in recent years. That being said, opportunities to improve the current system remain. We offer a package of changes to long-term planning that we think should be considered: (1) better incorporating measures of housing demand into the calculation of housing goals, (2) lengthening the planning horizon, (3) further enhancing state oversight and enforcement, (4) preempting local land use rules if communities do not faithfully participate in long-term planning, and (5) increasing financial incentives for locals to approve housing. We also discuss the pros and cons of linking transportation funding to local approvals of housing and offer one approach for Legislative consideration.

INTRODUCTION

As part of the 2019-20 Governor's Budget, the administration proposes changing state oversight of local housing decisions and proposes offering rewards to cities and counties to encourage them to plan for and approve housing. To help the Legislature in its consideration of the Governor's proposals, this report: (1) explains the existing process through which local communities plan for

housing, as well as its limitations and shortfalls; (2) describes the Governor's proposal; (3) provides recommendations on the parts of the proposal aimed at increasing home building in the short term; and (4) offers a package of changes to improve the state's existing long-term planning process for housing.

PLANNING FOR NEW HOUSING OFTEN FALLS SHORT

California's cities and counties make most decisions about when, where, and to what extent housing will be built. The state requires cities and counties to carry out certain planning exercises in an attempt to ensure they accommodate needed home building. For a variety of reasons, this state oversight has largely failed. In part because of this, too little housing has been built in many California communities, leading to a housing shortage. This housing shortage has, in turn, led to rising housing costs and declining affordability for many Californians.

Basics of Local Government Planning

Housing Element Outlines How a Community Will Meet Its Housing Needs. Every city and county in California is required to develop a general plan that outlines the community's vision of future development. One component of the general plan is the housing element, which outlines a long-term plan for meeting the community's existing and projected housing needs. The housing element demonstrates how the community plans to accommodate its "fair share" of its regions housing needs. To do so, each community establishes an inventory of sites designated for new housing that is sufficient to accommodate its fair share. Communities also identify regulatory barriers to housing development and propose strategies to address those barriers. State law generally requires cities and counties to update their housing elements every eight years.

Regional Housing Needs Allocation Process Defines Each Community's Fair Share of Housing. Each community's fair share of housing is determined through a process known as Regional Housing Needs Allocation (RHNA). The RHNA process has three main steps:

- ***State Develops Regional Housing Needs Estimates.*** To begin the process, the state department of Housing and Community Development (HCD) estimates the amount of new housing each of the state's regions would need to build to accommodate the number of households projected to live there in the future. Household projections are based on an analysis of demographic trends and population growth estimates from the state Department of Finance (DOF). Each region's housing needs are grouped into four categories based on the anticipated income levels of future households: very-low, low, moderate, and above-moderate income.
- ***Regional Councils of Government Allocate Housing Within Each Region.*** Next, regional councils of governments (regional planning organizations governed by elected officials from the region's cities and counties) allocate a share of their region's projected housing need to each city and county. Cities and counties receive separate housing targets for very-low, low, moderate, and above-moderate income households. Each council of government develops its own methodology

for allocating housing amongst its cities and counties. State law, however, lays out a variety of requirements and standards these methodologies must meet.

- ***Cities and Counties Incorporate Their Allocations Into Their Housing Elements.*** Finally, cities and counties incorporate their share of the regional allocation into their housing element. Communities typically do so by demonstrating how they plan to accommodate their projected housing needs in each income category.

Zoning Key to Meeting Housing Needs. To carry out the policy goals in their general plans and housing elements, cities and counties enact zoning ordinances to define each property's allowable use and form. Use dictates the category of development that is permitted on the property—such as single-family residential, multifamily residential, or commercial. Form dictates building height and bulk, the share of land covered by buildings, and the distance of buildings from neighboring properties and roads. Rules about form effectively determine how many housing units can be built on a particular site. A site with one- or two-story height limits and large setbacks from surrounding properties typically can accommodate only single-family homes. Conversely, a site with height limits over one hundred feet and limited setbacks can accommodate higher-density housing such as multistory apartments. By dictating how many sites housing can be built on and at what densities, zoning controls how much housing a community can accommodate. Zoning, therefore, must allow for new housing on a sufficient number of sites and at sufficient densities if a city or county is to meet its community's housing needs.

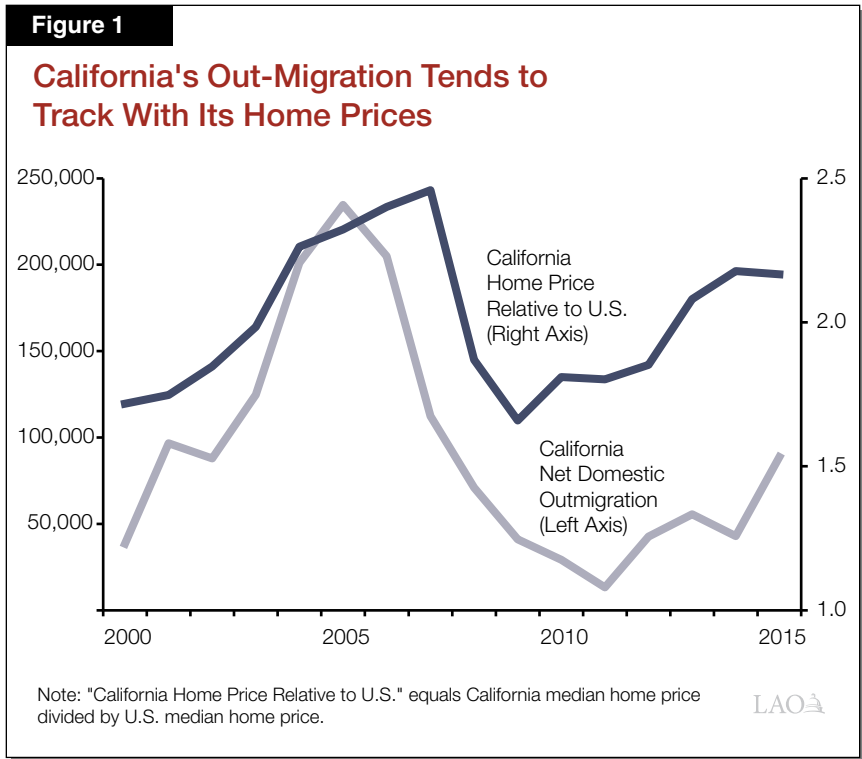
Limitations of the Housing Element Process

Communities Often Reluctant to Plan for Housing. The process described above through which the state dictates housing goals that local governments incorporate into their housing elements and zoning rules has many shortcomings. Perhaps the most significant is that

residents of many communities are reluctant to accommodate housing growth, fearing that such growth could bring about changes to the nature of their community. Reflecting this reluctance, many communities have not carried out the housing element process in a way that truly facilitates home building. Setting aside this concern, several other factors would limit how effective the housing element process could be even if communities were not reluctant to carry it out. We highlight some of these factors below.

Demographic Projections Underestimate Housing Demand. Projections of household growth are a poor measure of future housing demand. These projections are based, in part, on extrapolations from past trends in population growth, migration, and household formation. Past demographic trends fail to capture the full extent of demand for housing. Many communities in California have significant housing shortages. These shortages mean that households compete for limited housing, bidding up home prices and rents. Households unwilling or unable to pay these high costs are forced to live somewhere else. Several studies have documented that movement into an area is lower when housing costs are higher. Consistent with this research, we see that California's net out-migration (out-migration minus in-migration) to other states is higher when housing costs are rising, as shown in **Figure 1** (see next page). Households forced to live somewhere else do not show up in a community's past demographic trends and therefore are not reflected in RHNA calculations. They nonetheless contribute to the unmet demand for housing and resulting high housing costs. Ignoring these households when estimating housing demand is akin to assuming the number of people who wanted to go to a popular sold out concert is equal to the number of people who actually attended. Clearly, more people would have attended if the venue had been bigger and more tickets had been available. Similarly, more people would live in California if more housing were built for them.

Time Period Covered by Housing Goals Is Too Short. Decisions that communities make today about housing will shape those communities for decades. Once built, most housing remains in



accommodate growth while other residents are not.

Identifying Ideal Sites for Housing Is Difficult. The task of anticipating which particular sites will be profitable for developers to build on in the future is difficult. This is because developers' decisions about which sites to build on and when are based on a multitude of considerations and require detailed analyses of economic, engineering, and political information. In addition, decisions of landowners can significantly influence which sites are developed. In some cases, planners and builders may agree that certain sites would be ideal for new housing but landowners may be unwilling to sell their land to home builders. As we discussed

place for decades. Further, once a certain type of housing—especially single-family housing—becomes the norm in a neighborhood, it becomes very difficult to add new, different types of housing to the neighborhood. Despite this, the housing element process only requires cities to consider how their actions today will accommodate housing needs over the next eight years. This can be problematic. The history of housing development in California over the last several decades shows why. For decades, many cities allowed much of their land to be built up as relatively low-density housing, primarily single-family homes. Today, given resistance to add more dense housing to single-family neighborhoods, many communities have very limited space on which to accommodate new housing. The share of neighborhoods experiencing any home building has dropped significantly over time in many cities, as shown in **Figure 2**. This concentration of building in a minority of neighborhoods limits opportunities for builders. It also contributes to tension in communities that can contribute to resistance to additional home building. Residents of the neighborhoods where housing is being built may push back wondering why they are being asked to

in our 2016 report, *Common Claims About Proposition 13*, this may be exacerbated by California's property tax system which can encourage landowners to hold onto vacant or underutilized properties longer than they otherwise would.

There Are Practical Limits to State Oversight. Although HCD reviews each community's housing element and inventory of sites, HCD lacks the capacity to thoroughly vet the thousands of potential housing sites identified in communities' housing elements. Over the course of a few years, HCD staff are tasked with reviewing the housing elements of the state's 58 counties and 482 cities. Many housing elements are lengthy and complex documents. Some housing site inventories contain thousands of properties—for example, the city of Los Angeles' site inventory contains over 20,000 sites. To carry out this task, HCD historically has received funding in the millions of dollars per year. In contrast, local planning departments receive over \$1 billion per year in funding from local sources. In addition to having far greater resources, local planning departments also have more insight into their local communities.

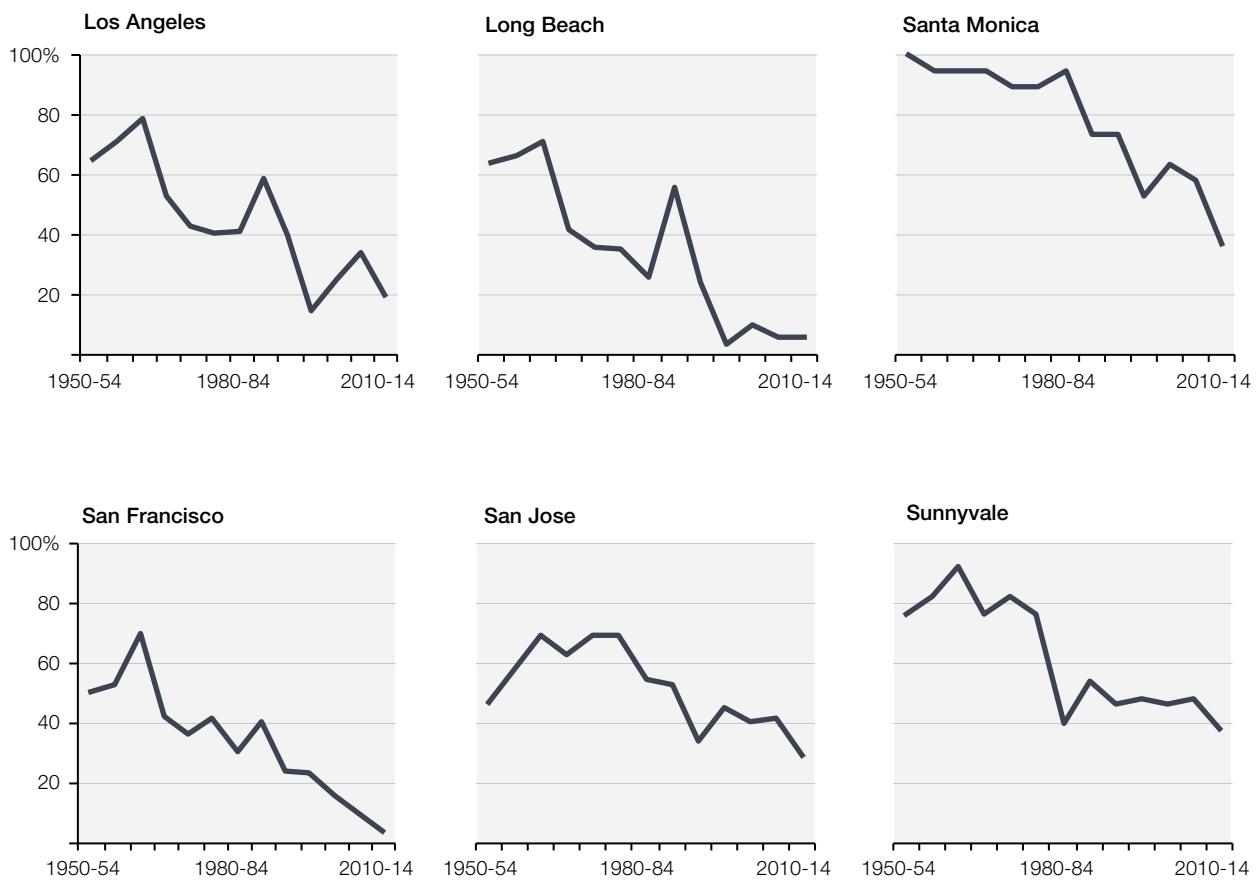
Affordable Housing Funding Insufficient for Locals to Meet Housing Goals. The housing element process aims to facilitate home build for households of all income levels. A key segment of this intended housing production is affordable housing for low-income households. The most recent RHNA projects a need for 58,000 new low-income affordable homes per year across the state. To build these affordable homes, builders typically need some type of subsidy because the rents and prices low-income households are able to pay do not cover builders' construction costs. Most often, this subsidy is provided through a combination of financial support from federal, state,

and local governments. Currently, the amount of public funds available for affordable housing falls well short of what would be needed to finance the cost of 58,000 affordable homes per year. Just to cover the state's typical share of affordable housing subsidies (about one-fourth of total costs) likely would require an annual, ongoing funding stream of \$4 billion to \$6 billion. Despite recent increases, state funding for affordable housing currently totals about \$2 billion per year. This mismatch of funding makes it unrealistic to expect local communities to meet their housing goals for lower-income households.

Figure 2

Home Building Occuring in Fewer Neighborhoods

Share of Census Tracts That Built Five or More Homes Per Year



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Housing Element Process Falls Short of Its Goal

Evidence of Housing Element Shortfalls. In our 2017 report, *Do Communities Adequately Plan for Housing?*, we laid out evidence that the housing element process falls well short of its objective of ensuring that communities accommodate needed home building. Communities' zoning rules often are out of sync with the types of projects developers desire to build and households desire to live in. Our review found that most housing built in recent years was on sites that were *not* identified in a communities' housing element. Further, in several cities that we examined, most projects required a significant increase in the density allowed by local zoning rules. The failure of housing elements to identify and adequately zone feasible sites for housing creates a drag on home building. This has

significantly contributed California's major shortage of home building. As we discussed in *California's High Housing Costs: Causes and Consequences*, California has for decades built only about half as much housing each year as needed to meet demand.

Recent Legislation Likely Will Improve Outcomes. Over the last two years, the Legislature has enacted several bills aimed at boosting home building through a variety of avenues. Some of this legislation included changes to procedures, standards of review, and enforcement for housing elements. Other legislation reformed the process through which housing needs are distributed to communities within a region. These changes likely will lead to improved outcomes. Nonetheless, opportunities remain to build on recent legislative actions to further improve long-term planning for housing.

GOVERNOR PROPOSES CHANGES TO STATE OVERSIGHT OF LOCAL HOUSING DECISIONS

In his 2019-20 budget, the Governor proposed changes to state oversight of local housing decisions and proposed to offer rewards to cities and counties to encourage them to plan for and approve housing. As of now, these proposals are conceptual. In many cases, the administration has signaled its intent to engage stakeholders in the development of the final details. Below we describe the Governor's proposal to date.

Develop Short-Term Housing Goals for Cities and Counties. The HCD would develop new "short-term" housing production goals for cities and counties. (The administration has not yet defined what time period these short-term goals would cover.) Locals would then be expected to conduct planning and make necessary land use changes to achieve their new short-term goals. To assist locals in doing so, the Governor's budget proposes allocating \$250 million General Fund to cities and counties that could be used for planning activities.

Offer Grants to Local Governments to Encourage Them to Meet Short-Term Goals. The Governor's budget also proposes making \$500 million General Fund available for cities and counties to reward them for reaching "milestones" in their efforts to meet their short-term goals. As a community reaches its milestone, it would receive a portion of the \$500 million which it could use for any purpose.

Rethink Long-Term Housing Goals. The administration also signals its intent to revamp the current housing element and RHNA process. As part of this effort, the administration would engage with stakeholders to develop a plan for linking funding for local streets and roads to communities' progress toward their RHNA goals.

PROPOSED SHORT-TERM BUILDING GOALS QUESTIONABLE

The Governor's plan to establish state-defined housing goals and have local governments carry out planning to meet these goals is not a new strategy. The state has carried out such a strategy for years via the housing element and RHNA processes with only limited success. The Governor's plan hopes to encourage locals to participate by offering one-time financial rewards. Prior state attempts to offer such rewards provide little assurance that doing so will significantly increase communities' willingness to plan for and approve housing. All in all, it is unclear how the Governor's plan differs significantly from past strategies that generally have fallen short of their goals.

We recommend the Legislature reject the Governor's proposal for short-term housing production goals and \$500 million in incentive funds for cities and counties. Instead of focusing on the short term, the state may be better off focusing on opportunities to further improve long-term planning and considering other policy changes aimed at boosting home building over the long term. California's current housing situation is the culmination of decades of decisions to under-prioritize home building. It will similarly take many years or decades to truly address. Should the Legislature reject the Governor's plan to establish short-term housing goals, there would be no need to provide \$250 million to cities and counties for them to plan to meet these short-term goals. That being said, if the Legislature pursues changes to the state's long-term planning policies, it could consider providing this funding to cities and counties to help implement those changes.

Benefit of Offering Rewards to Locals Is Unclear

Prior Programs to Reward Home Building.

The Governor's plan hopes to encourage locals to meet their housing goals by offering financial rewards. The state has tried this strategy before. A few state programs have offered cities and counties

flexible funding that they could use for infrastructure projects as a reward for permitting housing. These programs include:

- ***Housing-Related Parks Program.*** This program awarded cities and counties a total of \$200 million over multiple years to reward them for permitting low-income affordable housing during the years 2010 through 2016. Awarded funds could be used for creation or improvement of parks or recreation facilities.
- ***Workforce Housing Reward Program.*** This program awarded cities and counties a total of \$75 million over multiple years to reward them for permitting low-income affordable housing during the years 2004 through 2006. Awarded funds could be used for a variety of infrastructure or facilities projects.
- ***Jobs Housing Balance Incentive Grant Program.*** This program awarded a total of \$25 million to cities and counties that increased the number of housing permits they issued (for all income levels) by 12 percent or more in 2001. Awarded funds could be used for a variety of infrastructure or facilities projects.

Rigorous Evaluation of These Programs Is Difficult. The design of these past programs makes rigorous evaluation of their outcomes difficult if not impossible. Ideally, to evaluate these programs' effects we would compare the outcomes of eligible cities and counties to similar cities and counties that were not eligible. All cities and counties, however, were potentially eligible for these programs. This prevents us from using such an approach. We can turn to other evidence, however, that is less rigorous but still somewhat helpful. This evidence, which we discuss below, suggests the impact of these programs was limited at best.

No Notable Spike in Affordable Housing Construction. If the Housing-Related Parks Program and Workforce Housing Reward Program had significantly affected permitting of affordable

housing, we would expect to see notable spikes in permitting in the years covered by these programs. This did not occur. This can be seen in **Figure 3** which shows how many new affordable housing units were approved each year under the Low-Income Housing Tax Credit Program (a key affordable housing finance source used as a component of most affordable developments) over the past two decades. While this observation does not allow us to conclude these programs had no effect on permitting, it suggests that the effect—if any—was small.

No Outsized Response From Cities Eligible for Larger Rewards. The Housing-Related Parks Program offered larger rewards for housing permitted in “disadvantaged” neighborhoods. If the financial reward of this program influenced cities’ permitting decisions, we would expect to find that cities with more disadvantaged neighborhoods—and therefore more likely to receive the larger reward—were more responsive to the program. We

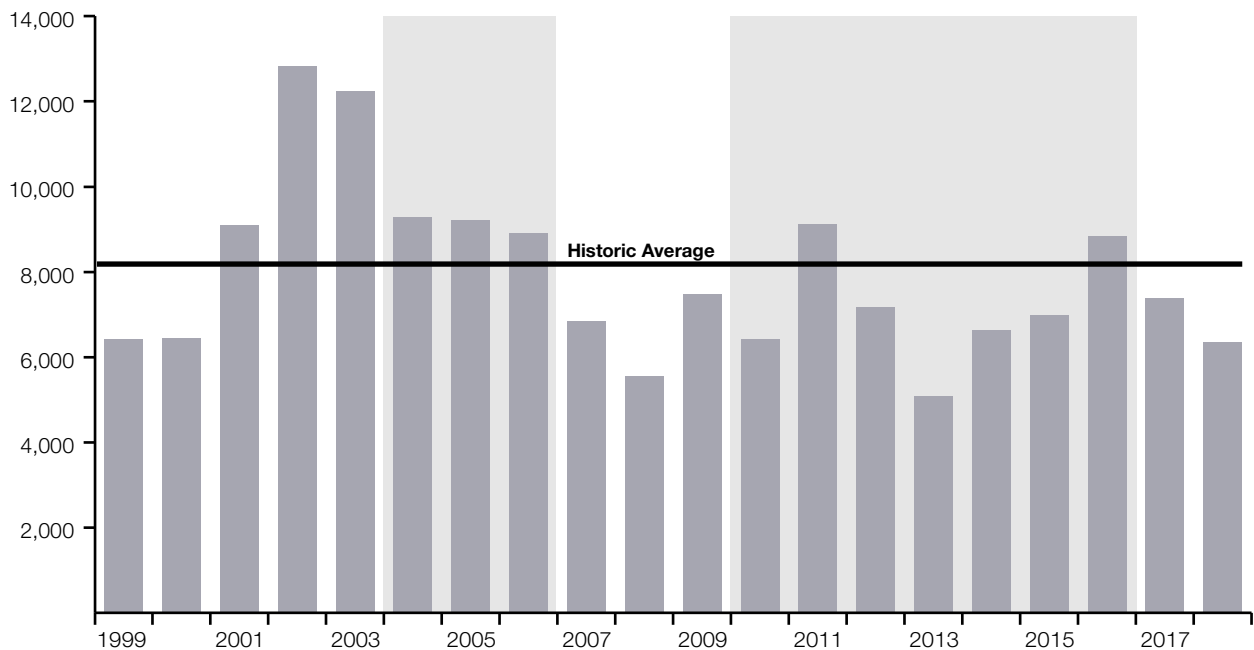
do not find this to be the case. Although affordable housing approvals between 2010 and 2016 (the period covered by the Housing-Related Parks Program) were down across the state relative to the preceding seven years, cities with the most disadvantaged neighborhoods (top fifth of all cities) saw a bigger decline—23 percent decrease compared to a 14 percent decrease in other cities.

No Increase in Number of Cities With High Housing Permit Growth. If the Jobs Housing Balance Incentive Grant Program had encouraged cities to increase permitting in 2001 by at least 12 percent, we would expect to see more cities with permit growth above 12 percent in 2001 compared to past years. Similarly, we would expect to see fewer cities with permit growth below 12 percent. This is because some cities with past permit growth slower than 12 percent would increase their permit growth to above 12 percent. Comparing cities’ permit growth in 2000 to growth in 2001 we find no evidence of an increase in

Figure 3

Rewards Did Not Create Notable Spikes in Housing Approvals

New Low-Income Affordable Housing Units Approved in California



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permitting. As **Figure 4** shows, there were *fewer* cities with permit growth just above 12 percent in 2001 than in 2000. On the flip side, there were *more* cities with permit growth just below 12 percent in 2001 than in 2000. This evidence suggests that the program did not encourage cities to increase permitting. Instead, the program appears to have provided a windfall benefit to communities that would have increased permitting in 2001 even in the absence of the program.

Limited Compliance With Housing Element Procedures. In addition to attempting to increase permitting, past programs attempted to encourage cities and counties to comply with a relatively minor procedural requirement of the housing element process—submitting annual progress reports to HCD—by making compliance a condition of eligibility for funding. Many cities did not respond

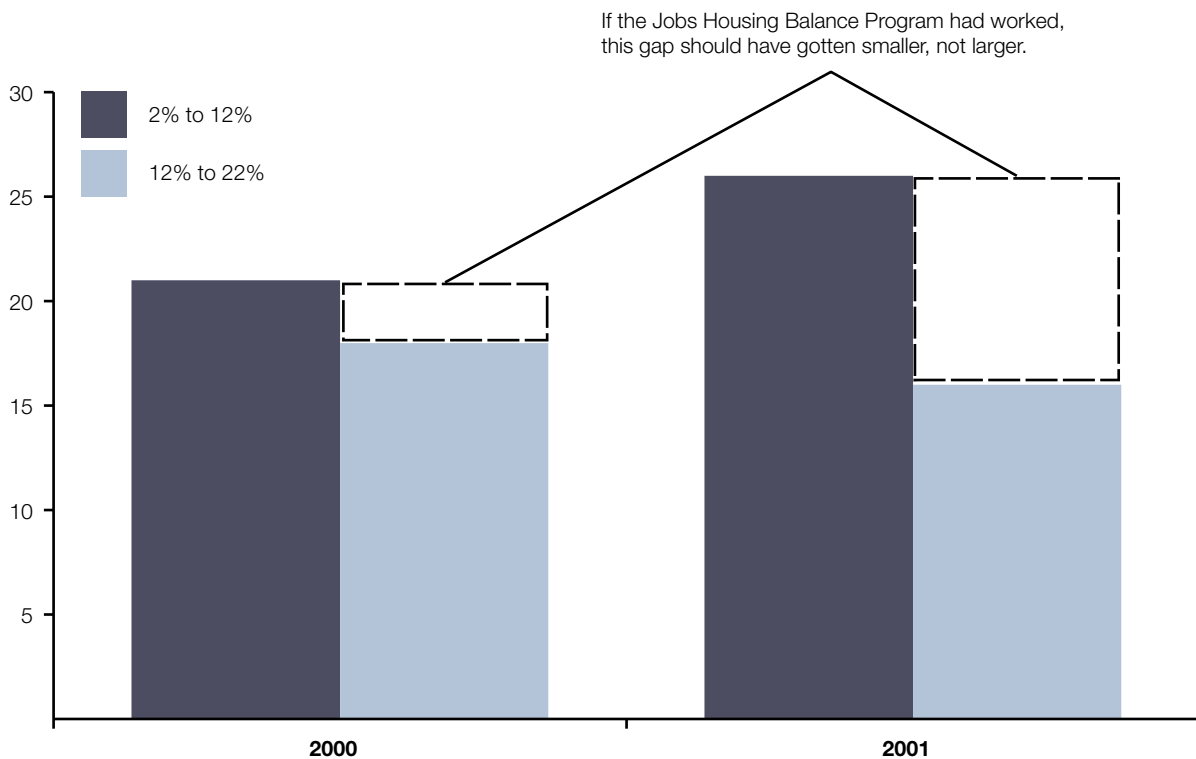
to this incentive. As of 2016, only about half of jurisdictions were in compliance. (More recently, compliance has increased significantly in response to legislation passed in 2017 which heightened the consequences for not reporting.)

\$500 Million Is More Than Past Programs, Still Very Small Relative to Size of City and County Budgets. One possible reason for the apparent ineffectiveness of these past programs is that the funding made available to cities and counties was relatively minor compared to the size of city and county budgets. In 2016-17, cities (\$27 billion) and counties (\$49 billion) received \$76 billion in general purpose revenue. The \$500 million proposed by the Governor is more funding than past programs. The Governor also proposes to allow more local flexibility in spending the funds. This might make his proposal more successful. On the other hand,

Figure 4

No Evidence of Jump in Permitting in 2001

Number of Cities by Housing Permit Growth Rate



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\$500 million is still relatively small compared to the size of city and county budgets. Under the Governor's proposal, most local governments would receive a reward that would increase their general purpose revenues by a few percent for a single year. This may not be a sufficient financial incentive for local elected officials to take what would, in many cases, be very unpopular actions to boost housing.

Offering Rewards in Hopes of Increasing Home Building Would Be Risky. Based on the above evidence we cannot rule out that these prior programs had a small positive effect on home building, but we see no evidence that these programs significantly improved communities' progress toward their RHNA goals. Given this, offering rewards to cities and counties in hopes of boosting housing production seems like a risky bet. If the Legislature were to allocate funding for rewards, it cannot be sure what effect, if any, such a program would have on home building. There are alternative uses of these funds which would yield more certain benefits. For example, providing \$500 million in subsidies to affordable housing builders would almost certainly yield around 5,000 new units of housing. Given the uncertain benefits, we recommend the Legislature not appropriate \$500 million for one-time rewards for locals.

If Moving Forward With Governor's Proposal, Structure Program to Yield Useful Information.

Should the Legislature wish to move forward with a plan to offer rewards to locals, we suggest structuring the program in a way that would facilitate more rigorous evaluation of its outcomes. Specifically, we would suggest:

- **Establish a Comparison Group.** Within each region of the state randomly select half of jurisdictions to participate in the program. The other half would serve as a comparison group which could be used to judge the outcomes of the participating jurisdictions. While a random selection of participants would mean that not all communities would be able to benefit from the program, such a program structure would provide important information to the Legislature about the efficacy of offering financial rewards to local communities. This information could be used to improve future programs that could offer rewards to all communities.
- **Base Rewards on Prospective Increases in Home Building.** The program structure should be finalized and participants selected and notified in 2019-20. Rewards should then be based on local community actions in 2020-21 or beyond. This would give communities time to adjust their behavior in response to the financial incentives.

RETHINKING LONG-TERM PLANNING WORTHWHILE

While the Governor's proposal to boost home building goals in the short term may be questionable, his plan to revamp state policies on long-term planning is worthwhile. While the Legislature has taken important steps in this area in recent years, opportunities remain for further improvement. In this section, we offer some ideas for improvements in long-term planning. We then offer comments on the Governor's proposal to link transportation funding to communities' progress toward longer-term housing goals.

Options to Improve Long-Term Planning

Incorporate Measures of Housing Demand Into Calculation of Housing Goals. Current demographic-based RHNA projections could be adjusted to account for signs of unmet housing demand, such as high rents. Our modeling of California's housing markets in *California's High Housing Costs: Causes and Consequences* suggested that there is roughly a one-to-one relationship between the long-term rate of growth in a community's housing stock and the

long-term rate of growth in its home prices and rents. Consistent with this, one option could be to adjust upward RHNA goals for areas with high rent growth. This adjustment could be applied at the first step in the RHNA process, when the state determines housing goals for each region. Specifically, the basic steps of a new process could be:

- **(1) Determine Household Growth Projections.** The HCD would determine projections of total households for each county based on DOF demographic projections.
- **(2) Adjust Household Growth Projections.** The household projections from step 1 would then be adjusted upward for counties where past rent growth exceeded the national norm. This adjustment would be proportionate to the extent to which a county's growth in median rent over the last 20 years exceeded the U.S. average. For example, if a county is projected to have 1 million households and its rents grew 20 percent faster than the U.S., its adjusted household number would be 1.2 million.
- **(3) Compare Household Projections to Total Housing.** The adjusted household projections from step 2 would then be compared to total existing housing units within the county. The difference between the two would be the county's housing need.
- **(4) Sum County Estimates by Region.** The county housing need estimates would then be totaled by region and provided to the regional governments for allocation to cities and counties within each region pursuant to newly-reformed state laws.

Lengthen Planning Period. Lengthening the planning period covered by the housing element process could help to avoid communities becoming locked into land use patterns that could prevent them from accommodating growth in the future. A longer planning window also could encourage a community to think about how its decisions on things like infrastructure or climate change adaptation affect its ability to accommodate housing growth well into the future. One option

could be to have HCD determine projected housing needs for 20 years and have local communities develop plans and land use rules to meet those needs. Because 20 year projections would be imprecise, these projections and housing element plans would need to be updated frequently—such as every five years—based on the latest demographic and economic information. Under the current process, projections and plans are updated only once at the beginning of the eight year planning period.

Conduct Random Audits of Housing Sites Inventories. Determining whether a site is feasible for a certain type of housing requires a detailed analysis of relevant economic, engineering, and political information. It is not practical for HCD to conduct such in-depth reviews of the thousands of housing sites slated for development in communities' housing elements. As a compromise, HCD could conduct in-depth reviews of a subset of randomly selected housing element sites. Other state agencies use random selection in enforcement activities—for example, state tax administration agencies randomly select business records for review in conducting an audit. Should these random in-depth reviews determine that a community did not do its due diligence, HCD could declare the community's housing element out of compliance. The potential of an audit with negative findings, coupled with heightened consequences for communities being out of compliance as discussed below, could encourage communities to more faithfully participate in the housing element process.

Preempt Local Zoning Laws if Locals Do Not Faithfully Carry Out Long-Term Planning. Cities and counties currently have the ultimate authority to make decisions about zoning and other land use rules. One alternative to this approach is for the state to dictate zoning rules. For example, last year the Legislature considered a bill that would have exempted proposals for new housing near transit stops from a variety of local zoning rules, such as rules that limit building heights to fewer than five stories or create minimum parking requirements. Proposals for the state to dictate zoning rules historically have met fervent opposition. The assignment of land use authority to cities and

counties reflects a deeply held desire of the state's residents to control the environment of their communities. Many question how the state could make appropriate decisions about their community without intimate knowledge of their community. Such concerns have prevented the state from taking a more active role in zoning decisions. At the same time, restrictive local zoning rules are one of the primary causes of the state's current housing shortage, arguing for more state involvement. A possible compromise could be for the state to preempt local zoning rules only in cases where communities are not faithfully participating in the housing element process. For example, the state could develop default zoning rules that would apply in any community that HCD has determined is out of compliance with housing element law.

Alter Allocation of Local Taxes. As we discussed in *California's High Housing Costs: Causes and Consequences*, local communities face fiscal incentives that are adverse to new housing. Few city and county revenue sources grow proportionately with increases in population. This can lead to fears that accommodating new housing—and therefore new people—will increase demands for public services faster than the funding available to pay for those services. This can, in turn, amplify communities' anxieties about allowing new housing. One approach the Legislature could consider to alleviate this concern is to alter the allocation of local government tax revenues—particularly property or sales taxes—so that these allocations better reflect population growth. One option could be to allocate some or all of future growth in local property and/or sales taxes within each county to jurisdictions based on their population growth. While such changes could be worthwhile, we caution that they would face several hurdles. The State Constitution significantly limits the Legislature's ability to alter the allocation of local revenues. Also, past attempts to change the allocation of local property taxes or sales taxes have faced stiff resistance from local agencies concerned that such changes would create winners and losers and disrupt the financial health of some communities.

Should Funds Be Tied to Meeting RHNA Targets?

In 2017, the Legislature enacted Chapter 5 (SB 1, Beall) which increased state revenue for transportation by about \$5 billion per year. Under this funding package, cities and counties receive around \$1.5 billion annually to fund maintenance of local streets and roads. The Governor's proposal to link these distributions for local streets and roads to communities' progress toward meeting their RHNA targets would create a significant, ongoing financial incentive for communities to plan for and approve housing. These distributions are the largest funding stream to cities over which the state has control and, therefore, present the clearest opportunity for the state to shift the financial incentives faced by local communities. Such an approach, however, presents some problems.

Some Factors Are Outside of Local Communities' Control . . . While cities have significant control over when, where, and how much housing is built, many other factors also are important. The health of the state's economy, lending conditions, and decisions by builders and landowners are all beyond the control of local governments but significantly affect home building. While it is reasonable for the state to ask cities and counties to do all they can do to plan for and facilitate a particular amount of home building, holding them entirely accountable for outcomes that they do not completely control may be unreasonable.

. . . So Consider Gauging Performance Relative to Other Communities. A possible compromise could be to link funding to a community's home building performance relative to other communities. Gauging a community's performance relative to its peers instead of an absolute target would account for the impact of changes in economic and other factors that influence home building across all communities. One potential approach could be the following:

- **(1) Reform RHNA Goals.** Make the improvements to communities' RHNA goals we discussed above.

- **(2) Determine Each Community's Progress Toward Their RHNA Targets.** Each year, calculate each community's progress toward their RHNA goals in each income category. Progress could be as measured by the percent of the RHNA goal that has actually been permitted. Then, average the percentages across all income categories to obtain a single progress rate.
- **(3) Compare RHNA Progress to Statewide Average.** Average the progress rates across all cities and counties. Then, calculate each community's relative performance by dividing its progress rate by the statewide average. The larger the number, the better a community's performance.
- **(4) Adjust Local Streets and Roads Funding Allocations.** Multiply each community's allocation of streets and roads funding under existing law by the community's relative performance calculated in step 3. For

example, if the calculation in step 3 says a city has achieved twice as much progress as the state average its streets and roads funding would be doubled. Finally, multiply each community's newly-adjusted allocation by the ratio of total streets and roads funding under existing law to the sum of the newly adjusted allocations for all communities. This would ensure that the new allocations would fit within the existing pot of funding.

Transportation Funding Goals Could Be Undermined. A second concern with tying transportation funding to housing production is that doing so could undermine the state's transportation goals. The funding allocation that best facilitates the maintenance of local streets and roads will almost certainly be different than the allocation that would result if funds were tied to housing production. There is no easy way of resolving this tension.

LAO PUBLICATIONS

This report was prepared by Brian Uhler and reviewed by Lourdes Morales and Carolyn Chu. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

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Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
March 4, 2019

To: Regional Housing Needs Assessment Subcommittee (RHNA)

INTERIM
EXECUTIVE DIRECTOR'S
APPROVAL

From: MaAyn Johnson, Senior Regional Planner, Compliance &
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Subject: Overarching Principles for Social Equity Distribution

RECOMMENDED ACTION:

For Information Only – No Action Required

STRATEGIC PLAN:

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

BACKGROUND:

State housing law requires that a RHNA methodology meet the objectives of Government Code Section 65584. Two of them specifically outline the need to consider a level of social equity in the RHNA distribution, namely:

(4) Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent American Community Survey.

[and]

(5) Affirmatively furthering fair housing [AFFH]

(e) For purposes of this section, "affirmatively furthering fair housing" means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas

of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.

Each Council of Governments (COG) adopts its own RHNA methodology, which may differ from prior RHNA cycles. While there are a multitude of ways SCAG can achieve these two objectives in its RHNA methodology, SCAG staff seeks general policy guidance from the RHNA Subcommittee as to what issues should be considered and how they should be applied. Based on the March 4, 2019 discussion of the Subcommittee, SCAG staff will provide an overview of other methodologies proposed by different COGs and a methodology recommendation to reach these objectives in the next couple of months.

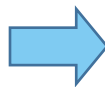
After a total RHNA allocation is determined, SCAG is required to calculate the RHNA allocation for each income category. The four categories are based on the county median income and are as follows:

Very Low	Less than 50%
<i>Low</i>	50-80%
<i>Moderate</i>	80-120%
<i>Above Moderate</i>	Above 120%

For the 5th RHNA cycle, SCAG applied a formulaic approach to meet the social equity objective. Also known as the “110% social equity adjustment”, this approach compared a jurisdiction’s distribution for each income category to the county distribution and then made an adjustment to each category distribution to the jurisdiction. Below is an example of how this was applied:

Existing Conditions:

Household Income Level	City A	County Distribution
Very Low Income	36%	25%
Low Income	19%	16%
Moderate Income	13%	15%
Above Moderate Income	32%	44%



After Equity Adjustment:

Household Income Level	City A Adjusted Distribution	Final RHNA Allocation (units) = 233
Very Low Income	23.9%	56
Low Income	15.7%	37
Moderate Income	15.2%	35
Above Moderate Income	45.2%	105

In the example above, City A has a higher distribution of very low and low income households than the County’s distribution and a lower distribution of moderate and above moderate income than the County’s distribution.

If the adjustment was 100%, City A’s distribution would be exactly the County distribution. Conceptually the 110% adjustment means that the City meets the County distribution and goes beyond that threshold by 10%, resulting in a higher or lower distribution than the County depending on what existing conditions are in the City. Below is the formula used:

Household Income Level	City A Adjusted Allocation
Very Low Income	$36\% - [(36\% - 25\%) \times 110\%]$
Low Income	$19\% - [(19\% - 16\%) \times 110\%]$
Moderate Income	$13\% + [(15\% - 13\%) \times 110\%]$
Above Moderate Income	$32\% + [(44\% - 32\%) \times 110\%]$

A jurisdiction that has a higher distribution of above moderate income households would experience the opposite of City A. Using a 110% adjustment, the wealthier jurisdiction would have a RHNA distribution for above moderate households higher than the County distribution and a higher distribution of low income households than the County.

A higher percentage adjustment above 110% would result in more adjustment in comparison to the County. Distributions of 125%, 150%, or higher could be applied if the Subcommittee wanted to continue a formulaic approach to meet social equity and affirmatively furthering fair housing objectives.

Other approaches might consider factors that affect affordability and housing cost burdens and weigh them. Factors that could be considered include:

- Jobs-housing relationship or number of low-wage and high-wage jobs in comparison to affordable housing available
- Proximity to transit
- High jobs growth
- High wage growth
- High cost of housing
- Areas within a communities of concern (e.g., high rates of low income and minority populations)

Questions for Discussion

To help guide the discussion, below are some questions SCAG staff would like the Subcommittee to consider.

- What is “fair share?” What is equitable for our region?
- How can we as a region be “affirmatively furthering fair housing”?

-
- Who should plan for more affordable housing in the future? Low income areas where the communities exist or in wealthier areas?
 - What type of regional or subregional solutions should be considered to ensure that all jurisdictions are doing their “fair share?”
 - Should an approach be a simple formula applied across all jurisdictions? Or should there be a weighted approach based on certain factors?
 - How much should other factors affect affordable housing need? Should a factor such as high job growth or wage growth contribute to affordable housing need in a jurisdiction?

Based on input and guidance from the Subcommittee’s discussion, SCAG staff will provide a recommendation on an approach to meet the requirements of social equity and AFFH at the April 4, 2019 RHNA Subcommittee meeting. SCAG will also provide an outline of methodology approaches used by other COGs for prior RHNA cycles.

Subregional Delegation

RHNA law allows for jurisdictions to pursue subregional delegation for RHNA purposes. A delegating subregion is defined as two or more jurisdictions (city or county) that are geographically contiguous, and are not limited to the traditionally-defined SCAG subregions. Subregions that elect to take delegation develop their own methodology for RHNA distribution and may elect to meet social equity and AFFH objectives differently from the methodology adopted by SCAG.

FISCAL IMPACT:

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