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## No. 10 MEETING OF THE

# REGIONAL HOUSING NEEDS ASSESSMENT SUBCOMMITTEE

***Friday, December 9, 2011***  
***10:00 a.m. – 1:00 p.m.***

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

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

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SOUTHERN CALIFORNIA



**ASSOCIATION of  
GOVERNMENTS**

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**Ventura**

950 County Square Drive, Suite 101  
Ventura, CA 93003

**Coachella Valley Assoc. of Governments**

73-710 Fred Waring Drive, Suite 200  
Palm Desert, CA 92260

**Palmdale City Hall**

38250 Sierra Highway  
Palmdale, CA 93550

**San Bernardino @ Hesperia**

County of S.B. High Desert Gov't Center  
5900 Smoke Tree St, Training Room B  
Hesperia, CA 92345

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

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. If you require such assistance, please contact SCAG at (213) 236-1928 at least 72 hours in advance of the meeting to enable SCAG to make reasonable arrangements. To request documents related to this document in an alternative format, please contact (213) 236-1928.

## **Regional Housing Needs Assessment Subcommittee Member List**

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

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

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

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

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

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

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# REGIONAL HOUSING NEEDS ASSESSMENT SUBCOMMITTEE AGENDA DECEMBER 9, 2011

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*The Regional Housing Needs Assessment Subcommittee may consider and act upon any of the items listed on the agenda regardless of whether they are listed as information or action items.*

## CALL TO ORDER & PLEDGE OF ALLEGIANCE

*(Hon. Bill Jahn, Chair)*

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

## REVIEW AND PRIORITIZE AGENDA ITEMS

### CONSENT CALENDAR

Time    Page No.

#### Approval Item

- |   |            |   |
|---|------------|---|
| 1. <u>Minutes of the October 11, 2011 Meeting</u> | Attachment | 1 |
| 2. <u>RHNA Subcommittee Topic Outlook</u>         | Attachment | 5 |

### ACTION ITEMS

- |   |            |         |   |
|---|------------|---------|---|
| 3. <u>Policies for RHNA Transfers Due to Annexations and Incorporations</u><br><i>(Frank Wen and Ma’Ayn Johnson, SCAG Staff)</i><br>Staff has developed draft policies to address RHNA transfers due to annexations and incorporations. | Attachment | 20 min. | 7 |
|---|------------|---------|---|

**Recommended Action:** Recommend the draft policies for further recommendation from CEHD to the Regional Council.

- |  |            |         |    |
|--|------------|---------|----|
| 4. <u>Draft RHNA Allocation Plan</u><br><i>(Frank Wen and Ma’Ayn Johnson, SCAG Staff)</i><br>The draft RHNA Allocation Plan was developed using the adopted RHNA Allocation methodology. | Attachment | 50 min. | 15 |
|--|------------|---------|----|

**Recommended Action:** Recommend the draft RHNA Allocation Plan for further recommendation from CEHD to the Regional Council.

**REGIONAL HOUSING NEEDS ASSESSMENT  
SUBCOMMITTEE  
AGENDA  
DECEMBER 9, 2011**

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5. Proposed RHNA Procedures for Revision Requests, Appeals and Trades & Transfers Attachment 20 min. 25  
*(Joann Africa, Chief Legal Counsel)*

Staff presents for the RHNA Subcommittee's review and consideration proposed procedures for the revision requests, appeals and trades & transfers processes related to the 5th cycle RHNA.

**Recommended Action:** Review and recommend that the Community, Economic and Human Development (CEHD) Committee recommend to the Regional Council approval of the proposed procedures for addressing RHNA revision requests, appeals and trades & transfers.

**CHAIR'S REPORT**

**STAFF REPORT**

*(Ma'Ayn Johnson, SCAG Staff)*

**ANNOUNCEMENTS**

**ADDITIONAL PUBLIC COMMENT PERIOD**

**ADJOURNMENT**

*The next regular meeting of the Regional Housing Needs Assessment Committee will be announced at the December 9 meeting.*

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**SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
REGIONAL HOUSING NEEDS ASSESSMENT SUBCOMMITTEE  
MINUTES OF MEETING NO. 9  
October 11, 2011**

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

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

**Present**

Representing Los Angeles County

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

Representing Orange County

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

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

Representing Riverside County

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

Representing San Bernardino County

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

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

Representing Ventura County

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

Representing Imperial County

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

**CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

The Hon. Bill Jahn, Chair, called the meeting to order at 1:03 p.m.

**REVIEW AND PRIORITIZE AGENDA ITEMS**

**CONSENT CALENDAR**

### Approval Items

1. Minutes of September 16, 2011 Meeting
2. RHNA Subcommittee Topic Outlook

### Receive & File

No items

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

### **INFORMATION ITEMS**

#### 3. Explanation of Excess Vacancy Credits as Part of the Proposed RHNA Allocation Methodology

Excess vacancy credits will be applied to those jurisdictions that are affected by abnormal market conditions. The excess vacancy credits are the difference between what are on the ground now compared to what would be under a healthy market condition. The difference between the two is then adjusted.

There are two types of vacancy credits that could be applied to jurisdictions who are affected:

- 1) The effective vacancy rate credit concerning **For Sale** and **For Rent** units. This is a Healthy Market Assumption. In the proposed methodology, 1.5% would be applied to owner occupied housing and 4.5% for renter occupied housing. HCD gave the SCAG region a regional credit of 69,000 units, approximately.
- 2) The other type of vacant unit credit is from the “Other” category. These are vacant units due to legal disputes, shadow inventory, or unknown reasons. HCD has determined that this regional credit is approximately 6,000. The Normal Market Assumption given by HCD is about 1.28% across the region.

Hon. Margaret Finlay, Duarte, asked how the regional credit of approximately 69,000 was established.

Staff responded that the vacancies were determined from Census information and that 69,000 was the net figure. HCD not only looked at the vacancies on the ground but also looked at the negative vacancies. That is why the figure is lower than the regional total that SCAG provided as 86,000.

Staff then presented an example of how the vacant unit credits will be allocated for each local jurisdiction in the SCAG region.

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



Hon. Darcy Kuenzi, Menifee, asked what staff level, or consultant level, is going to understand how the formulas are applied. Hon. Darcy Kuenzi pointed out that Riverside County and San Bernardino County have been hit the hardest with foreclosures in the region. In order to apply a formula fairly to all jurisdictions, could there be a different application that could take into account the more exorbitant amount of foreclosures that are impacted by those two counties?

Staffs response to the first question was that SCAG management staff, including Hasan Ikhata, SCAG Executive Director, will be confirming all final RHNA allocation numbers before they are issued in draft form publicly in December 2011. Response on the second question is yes, the particular number of vacant units based on the 2010 Census found in April of 2010 will be applied to that specific jurisdiction. This is being done by jurisdiction.

Laura Massie, Staff Attorney for California Rural Legal Assistance, asked how the total numbers will match with the income distribution RHNA allocations that occur in the next step in the planning process. For example, in the City of Coachella there are so many vacant units that the RHNA allocation based on this methodology might result with no need to plan for further units. However, many of the vacant units are far outside of being affordable for anyone below moderate income. How will the income categorization address the issue that a lot of these units are going to be unoccupied luxury units?

Staff stated that it has had some discussions with several local jurisdictions as to whether it is feasible to provide such data, by income category, for the existing vacant units on the ground. Staff responded that it is currently not feasible due to insufficient data.

Ms. Massie stated that based on her observations in the Coachella Valley this assumption is probably inaccurate.

### **CHAIR'S REPORT**

There was discussion regarding the date of the next RHNA Subcommittee meeting.

### **STAFF REPORT**

None

### **ANNOUNCEMENTS**

None

### **ADDITIONAL PUBLIC COMMENT**

None

### **ADJOURNMENT**

The Regional Housing Needs Assessment Subcommittee meeting adjourned at 1:24 p.m. The next meeting of the RHNA Subcommittee will be held on Friday, November 4, 2011, at 11:00 a.m. at the SCAG office in downtown Los Angeles.

A handwritten signature in black ink, appearing to read "Huasha Liu", with a long, sweeping flourish extending to the right.

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Huasha Liu  
Director, Land Use and  
Environmental Planning

Draft RHNA Schedule (February 2011 to September 2012)

RHNA Subcommittee Topic Outlook

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

Draft RHNA Schedule (February 2011 to September 2012)

CEHD and Regional Council

Proposed Date	Meeting	Action
March 3, 2011	CEHD	Approve Subcommittee charter, approve RHNA schedule and work plan
April 7, 2011	CEHD	Approve Subcommittee charter
April 7, 2011	Regional Council	Approve RHNA schedule
June 2, 2011	CEHD and Regional Council	Approve subregional delegation agreement
June 2, 2011	Regional Council	Approve Subcommittee charter
September 1, 2011	CEHD	Recommend release of proposed RHNA methodology
September 1, 2011	Regional Council	Release proposed RHNA methodology
November 3, 2011	CEHD	Recommend final RHNA methodology
November 3, 2011	Regional Council	Approve final RHNA methodology
January 5, 2012	CEHD	Information on excess vacancy credits; recommend Regional Council approval of RHNA annexation policy; recommend approval of revisions and appeals guidelines; recommend Regional Council release of draft RHNA allocation
February 2, 2012	Regional Council	Approve release of draft RHNA allocation; approve RHNA revisions and appeals guidelines
October 6, 2012	CEHD	Approve proposed final RHNA allocation
October 6, 2012	Regional Council	Public hearing to adopt final RHNA allocation

# REPORT

**DATE:** December 9, 2011

**TO:** Regional Housing Needs Assessment (RHNA) Subcommittee

**FROM:** Frank Wen, Manager, Research, Analysis and Information Services, 213-236-1854, wen@scag.ca.gov  
Ma' Ayn Johnson, Senior Regional Planner, [johnson@scag.ca.gov](mailto:johnson@scag.ca.gov), 213-236-1975

**SUBJECT:** Proposed Policies for RHNA Transfers Due to Annexations and Incorporations

**EXECUTIVE DIRECTOR'S APPROVAL:** 

**RECOMMENDED ACTION:**

Recommend that the Community, Economic and Human Development Committee (CEHD) recommend Regional Council approval of the proposed Policies for RHNA Transfers Due to Annexations and Incorporations.

**EXECUTIVE SUMMARY:**

*SCAG staff has developed proposed policies to establish conditions and process that SCAG will follow for handling the transfer of RHNA allocations resulting from annexations and incorporations.*

**STRATEGIC PLAN:**

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

**BACKGROUND:**

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

However, if a transfer agreement cannot be reached by both parties, either party may submit a written request to SCAG to consider the facts, data, and methodology presented by both parties. Subsequently, SCAG would make a determination as to the number of units, by income category, that should be transferred from the county's allocation to the city. SCAG has 180 days from receipt of this written request to finalize the RHNA transfer for the city and county. The findings will be consistent with the final RHNA methodology, which was adopted by the Regional Council on November 3, 2011.

The SCAG region has recently experienced several incorporations and annexations, which occurred after the final 4<sup>th</sup> cycle RHNA plan was adopted. As a result, the provisions in Government Code Section 65584.07 were applied. SCAG staff anticipates that incorporations and annexations may also occur after the 5<sup>th</sup> cycle RHNA plan is adopted in October 2012. For this reason, staff has developed proposed policies to guide the process for RHNA transfers due to incorporations and annexations.

# REPORT

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Staff presented to the RHNA Subcommittee an information item on September 16, 2011 explaining RHNA transfers methodology in an event of an incorporation or annexation. This methodology was included in the proposed and final RHNA Allocation Methodology, and is part of the proposed Policies for RHNA Transfers.

The proposed Policies were distributed to all SCAG jurisdictions in mid-October to review and comment. Based on comments received, staff has added clarification to methodology step #2 on page 4 of the Policies to explain that SCAG will consider General Plan designations and small area household figures for annexations occurring in areas not covered by spheres of influence.

To maintain consistency between the 4<sup>th</sup> and 5<sup>th</sup> RHNA planning periods, the RHNA transfer methodology will apply to incorporations and annexations occurring after October 2012, and only upon the written request by either the respective county or city for SCAG to make the determination regarding the number of RHNA units to be transferred. For incorporations and annexations occurring before October 2012, SCAG will use the 2008 RTP small area Growth Forecast dataset used for the 4<sup>th</sup> RHNA cycle. SCAG will follow a similar process described above, but use the 2008 RTP Growth Forecast.

**FISCAL IMPACT:**

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

**ATTACHMENTS:**


1. Policies for RHNA Transfers Due to Annexations and Incorporations
2. Government Code Section 65584.07

Reviewed by:



Department Director

Reviewed by:



Chief Financial Officer

## **Policies for RHNA Transfers Due to Annexations and Incorporations**

The following policies will establish the conditions and process that SCAG will follow for handling the transfer of RHNA allocations resulting from annexations and incorporations. The Regional Council shall accept a mutual agreement on a RHNA transfer signed by both a county and city within the SCAG region or make the final decision on a RHNA transfer when there is a written request for SCAG to intervene by either a county or city within the SCAG region, based upon the recommendation of the CEHD Policy Committee. After making a determination in response to a written request, SCAG will report its determination to HCD as well as the respective parties in the matter.

### **Nine RHNA Transfer Policies**

1. In cases of annexation or incorporation of a new city and where a city and county may reach a mutually acceptable agreement for transfer of a portion of the county's RHNA allocation to the city, SCAG shall accept such an agreement and the transfer shall be effective immediately upon receive by SCAG. The transfer shall not reduce the total regional housing needs and can only occur between a county and a city within that county.
2. SCAG will accept a transfer agreement or make a determination, if necessary, on a RHNA transfer related to an annexation or new city only after an annexation or incorporation has occurred per the requirements contained in Government Code 65584.07(c) and (d).
3. SCAG encourages cities and counties to engage in negotiations over RHNA transfers during the annexation or incorporation process to reach a mutually acceptable agreement and SCAG is willing to help facilitate those discussions.
4. A city or county can request for SCAG to facilitate meetings between both parties in order to reach a mutual agreement during the RHNA transfer process. SCAG will facilitate an initial meeting between the city and county within thirty (30) days of a written request for information or meeting facilitation by either party. SCAG may also provide information to the city and county to guide the negotiation process. This information will be consistent with the current adopted RHNA methodology. But in no case shall SCAG make any determination before the respective incorporation or annexation is completed in accordance with Government Code 65584.07, subsections (c) and (d).
5. SCAG will not “approve” a single county or city methodology for purposes of RHNA transfers in the case of annexation or incorporation. Since the RHNA allocation is not adopted below the city and county level per Government Code 65584(b), SCAG must reserve its authority to consider all reasonable approaches for disaggregating the county’s RHNA allocation as part of the annexation or incorporation process. The current adopted RHNA methodology will be used to guide the process.
6. In evaluating RHNA transfer calculations and disputes, SCAG shall apply the following methodology: (1) Determine the transfer units based on household

- growth assigned in the Spheres of Influence (SOI) areas through Integrated Growth Forecasting; (2) For annexations occurring in areas not covered by the SOI, determine the transfer units based on General Plan designations and small area household figures at the Tier 2 Transportation Analysis Zone (TAZ) level used for corresponding modeling analysis of RTP/SCS, and distribute them based on proportion of developable land, if necessary; (3) Adjust above household figures with healthy market vacancy allowance and replacement needs, if any; and (4) SCAG shall ensure that its determination is consistent with adopted RHNA allocation methodology used to distribute the share of regional housing need in accordance Government Code Section 65584.04.
7. In evaluating RHNA affordable housing requirements by income category, SCAG shall break the transfer of units down by income level using the final RHNA income group distribution of the annexed areas of the county. SCAG's final determination in response to a written transfer request will include an income breakdown of the total number of units transferred.
  8. If the annexed or incorporated land is subject to a development agreement authorized under subdivision (b) of Government Code Section 65865 that was entered into by a city or county and a landowner prior to January 1, 2008, the revised determination shall be based upon the number of units allowed by the development agreement, per Government Code Section 65584.07(d).
  9. In regards to the 4th RHNA cycle, spheres of influence were not included as part of the Integrated Growth Forecast used to determine each jurisdiction's RHNA allocation. Therefore, with respect to annexations related to the 4<sup>th</sup> RHNA cycle, SCAG will determine the transfer units based on consideration of General Plan designations and small area household figures at the appropriate TAZ level used for corresponding modeling analysis of the RTP and distribute them based on proportion of developable land, if necessary.



## Summary Table of the Process Regarding RHNA Transfers after an Annexation or Incorporation

<b>RHNA Transfers for Incorporations – Portion of county’s allocation shall be transferred to new city</b>			
	<b>Submittal</b>	<b>Submittal Deadline</b>	<b>Effective</b>
<b>Mutually agreed upon RHNA transfer by city and county</b>	<b>Mutually agreed upon transfer agreement</b> <ul style="list-style-type: none"> <li>• Specifies agreed upon RHNA transfer, by income category</li> </ul>	<b>Within 90 days after incorporation; can be extended by SCAG if appropriate</b>	<b>Upon SCAG’s receipt of RHNA transfer agreement</b>  <b>SCAG sends copy of transfer agreement to HCD</b>
<b>SCAG-determined RHNA transfer</b>	<b>Written request by city or county for SCAG to determine RHNA transfer</b> <ul style="list-style-type: none"> <li>• Both parties present facts, data and methodologies</li> <li>• SCAG determines transfer, by income category, and based on SCAG’s adopted RHNA allocation methodology</li> <li>• Copy of written request to SCAG is submitted to HCD</li> </ul>	<b>Within 90 days after incorporation; can be extended by SCAG if appropriate</b>	<b>180 days after SCAG’s receipt of written request for SCAG to determine RHNA transfer</b>  <b>SCAG notifies all parties and HCD of its final determination</b>
<b>RHNA Transfers for Annexations – Portion of county’s allocation maybe transferred to annexing city</b>			
	<b>Submittal</b>	<b>Submittal Deadline</b>	<b>Effective</b>
<b>Mutually agreed upon RHNA transfer by city and county</b>	<b>Mutually agreed upon transfer agreement</b> <ul style="list-style-type: none"> <li>• Specifies agreed upon RHNA transfer, by income category</li> </ul>	<b>Within 90 days after annexation; can be extended by SCAG if appropriate</b>	<b>Upon SCAG’s receipt of RHNA transfer agreement</b>  <b>SCAG sends copy of transfer agreement to HCD</b>
<b>SCAG-determined RHNA transfer</b>	<b>Written request by city or county for SCAG to determine RHNA transfer</b> <ul style="list-style-type: none"> <li>• Both parties present facts, data and methodologies</li> <li>• SCAG determines transfer, by income category, and based on SCAG’s adopted RHNA allocation methodology</li> </ul>	<b>Within 90 days after annexation; can be extended by SCAG if appropriate</b>	<b>180 days after SCAG’s receipt of written request for SCAG to determine RHNA transfer</b>  <b>SCAG notifies all parties and HCD of its final determination</b>

## **Methodology for RHNA Transfers Due to Annexations and Incorporations**

The SCAG proposed allocation methodology for the 5<sup>th</sup> RHNA cycle, which was approved by the Regional Council on November 3, 2011, provides two key policies for determining housing need at the sub- jurisdictional level for cases of incorporation and annexation. The two principles described are:

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

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

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

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

## Attachment 2

### Government Code Section 65584.07

**Effective: January 1, 2009**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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


# REPORT

**DATE:** December 9, 2011

**TO:** Regional Housing Needs Assessment (RHNA) Subcommittee

**FROM:** Frank Wen, Manager, Research, Analysis and Information Services, 213-236-1854, wen@scag.ca.gov  
Ma' Ayn Johnson, Senior Regional Planner, [johnson@scag.ca.gov](mailto:johnson@scag.ca.gov), 213-236-1975

**SUBJECT:** Draft RHNA Allocation Plan

**EXECUTIVE DIRECTOR'S APPROVAL:** 

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**RECOMMENDED ACTION:**  
Review and recommend that the Community, Economic and Human Development Committee (CEHD) recommend Regional Council approve the distribution of the draft RHNA Allocation Plan in February 2012.

**EXECUTIVE SUMMARY:**  
*The draft RHNA Allocation Plan (“Draft RHNA Plan”) represents the draft projected housing need for each city and county in the SCAG region for the 2013-2021 planning period. The draft RHNA Plan was developed using the RHNA Allocation Methodology, which was adopted by the Regional Council on November 3, 2011. The revision request and appeals processes will occur subsequent to the draft RHNA Plan approval for distribution by the Regional Council in February 2012.*

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

**BACKGROUND:**  
Per Government Code Section 65584.05, SCAG is required to distribute a draft allocation of regional housing needs to each local government in the region based on the RHNA Allocation Methodology, which was adopted by the Regional Council on November 3, 2011. The draft RHNA Plan must be distributed prior to the adoption of the final Regional Transportation Plan (RTP), which is scheduled to take place in April 2012.

Using the adopted RHNA Allocation Methodology, staff has developed the attached draft RHNA Plan, which represents the total draft housing need allocation by income category, for all cities and unincorporated counties. Per the adopted RHNA Allocation Methodology, each draft allocation comprises the need derived by calculating the projected household growth, healthy market vacancy need, and replacement need for the 2013-2021 5<sup>th</sup> housing element cycle planning period. For jurisdictions with significantly high existing vacancy rates, for this cycle only, an excess vacancy credit as authorized by the California Department of Housing and Community Development (HCD) is applied to the sub-total need determined by the three growth components. To ensure a minimal fair share for all jurisdictions in accordance with Government Code Section 65584 (d)(1), which requires that the RHNA plan result in each jurisdiction receiving an allocation of units for low- and very low- income households, all jurisdictions will receive a minimum draft allocation of two (2) units. In cases where the excess vacancy credit is higher than

# REPORT

the sub-total need, SCAG will assign a minimum draft allocation of 1% of the jurisdiction's sub-total need, with a minimum of two (2) units.

Once the draft RHNA Plan has considered by the RHNA Subcommittee and the CEHD Committee, and ultimately, approved by the Regional Council, SCAG will begin the revision request process, which will subsequently be followed by the appeals process. Draft guidelines for these two processes are also included with today's RHNA Subcommittee agenda packet for action and further recommendation from CEHD to the Regional Council for approval.

After the conclusion of the revision request and appeals processes, SCAG will issue a proposed final RHNA Plan by September 2012 that shall include appropriate adjustments to the draft allocations as a result of the revision request and appeals processes. Within 45 days of the release of the proposed final RHNA Plan, SCAG will hold a public hearing to adopt the final RHNA Plan, anticipated to occur in October 2012. Once the final RHNA Plan is adopted, jurisdictions in the SCAG region will have one year to complete their local housing element update and submit to HCD by October 2013.

**FISCAL IMPACT:**

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


**ATTACHMENT:**

Draft RHNA Allocation Plan

Reviewed by:

  
\_\_\_\_\_  
*Department Director*

Reviewed by:

  
\_\_\_\_\_  
*Chief Financial Officer*

Draft Regional Housing Needs Allocation, 1/1/2014-9/30/2021

<i>Draft</i>	County	Number of very	Number of low	Number of	Number of	Total
		low income	income	moderate	above moderate	
		households	households	income	income	
				households	households	
	Imperial	4,194	2,553	2,546	7,258	16,551
	Los Angeles	45,720	27,497	30,074	76,779	180,070
	Orange	8,734	6,246	6,971	16,015	37,966
	Riverside	24,117	16,319	18,459	42,479	101,374
	San Bernardino	13,399	9,265	10,490	24,053	57,207
	Ventura	4,612	3,160	3,617	8,164	19,553
	SCAG	100,776	65,040	72,157	174,748	412,721

Draft Regional Housing Needs Allocation, 1/1/2014-9/30/2021

<i>Draft</i>		Number of very low income households	Number of low income households	Number of moderate income households	Number of above moderate income households	Total
County	City					
Imperial	Brawley city	760	470	466	1,338	3,034
Imperial	Calxico city	817	489	490	1,428	3,224
Imperial	Calipatria city	37	22	22	63	144
Imperial	El Centro city	487	300	297	840	1,924
Imperial	Holtville city	54	31	32	92	209
Imperial	Imperial city	349	205	202	553	1,309
Imperial	Westmorland city	57	35	36	105	233
Imperial	Unincorporated	1,633	1,001	1,001	2,839	6,474
Los Angeles	Agoura Hills city	31	19	20	45	115
Los Angeles	Alhambra city	380	224	246	642	1,492
Los Angeles	Arcadia city	276	167	177	434	1,054
Los Angeles	Artesia city	31	18	20	51	120
Los Angeles	Avalon city	20	12	14	34	80
Los Angeles	Azusa city	198	118	127	336	779
Los Angeles	Baldwin Park city	142	83	90	242	557
Los Angeles	Bell city	11	7	8	21	47
Los Angeles	Bellflower city	1	1	0	0	2
Los Angeles	Bell Gardens city	11	7	8	20	46
Los Angeles	Beverly Hills city	1	1	1	0	3
Los Angeles	Bradbury city	1	1	0	0	2
Los Angeles	Burbank city	694	413	443	1,134	2,684
Los Angeles	Calabasas city	88	54	57	131	330
Los Angeles	Carson city	447	263	280	708	1,698
Los Angeles	Cerritos city	23	14	14	35	86
Los Angeles	Claremont city	98	59	64	152	373
Los Angeles	Commerce city	12	7	7	20	46
Los Angeles	Compton city	1	1	0	0	2
Los Angeles	Covina city	60	35	38	97	230
Los Angeles	Cudahy city	80	46	51	141	318
Los Angeles	Culver City city	48	29	31	77	185
Los Angeles	Diamond Bar city	308	182	190	466	1,146
Los Angeles	Downey city	210	123	135	346	814
Los Angeles	Duarte city	87	53	55	142	337



Draft Regional Housing Needs Allocation, 1/1/2014-9/30/2021

<i>Draft</i>		Number of very low income households	Number of low income households	Number of moderate income households	Number of above moderate income households	Total
County	City					
Los Angeles	El Monte city	529	315	352	946	2,142
Los Angeles	El Segundo city	18	11	12	28	69
Los Angeles	Gardena city	98	60	66	173	397
Los Angeles	Glendale city	508	310	337	862	2,017
Los Angeles	Glendora city	181	106	115	284	686
Los Angeles	Hawaiian Gardens city	32	19	21	57	129
Los Angeles	Hawthorne city	170	101	112	300	683
Los Angeles	Hermosa Beach city	1	1	0	0	2
Los Angeles	Hidden Hills city	5	3	3	7	18
Los Angeles	Huntington Park city	216	128	149	402	895
Los Angeles	Industry city	0	0	0	0	0
Los Angeles	Inglewood city	250	150	167	446	1,013
Los Angeles	Irwindale city	4	2	2	7	15
Los Angeles	La Canada Flintridge city	30	18	20	44	112
Los Angeles	La Habra Heights city	32	19	21	47	119
Los Angeles	Lakewood city	107	63	67	166	403
Los Angeles	La Mirada city	62	37	40	96	235
Los Angeles	Lancaster city	627	384	413	1,086	2,510
Los Angeles	La Puente city	246	143	159	419	967
Los Angeles	La Verne city	147	88	94	233	562
Los Angeles	Lawndale city	96	57	62	166	381
Los Angeles	Lomita city	12	7	8	20	47
Los Angeles	Long Beach city	1,773	1,066	1,170	3,039	7,048
Los Angeles	Los Angeles city	20,427	12,435	13,728	35,412	82,002
Los Angeles	Lynwood city	123	72	81	218	494
Los Angeles	Malibu city	1	1	0	0	2
Los Angeles	Manhattan Beach city	10	6	7	15	38
Los Angeles	Maywood city	13	8	9	23	53
Los Angeles	Monrovia city	101	61	65	162	389
Los Angeles	Montebello city	269	161	175	461	1,066
Los Angeles	Monterey Park city	205	123	137	350	815
Los Angeles	Norwalk city	52	31	33	85	201

Draft Regional Housing Needs Allocation, 1/1/2014-9/30/2021

<i>Draft</i>		Number of very low income households	Number of low income households	Number of moderate income households	Number of above moderate income households	Total
County	City					
Los Angeles	Palmdale city	1,395	827	898	2,332	5,452
Los Angeles	Palos Verdes Estates city	4	3	3	6	16
Los Angeles	Paramount city	26	16	17	46	105
Los Angeles	Pasadena city	340	207	224	561	1,332
Los Angeles	Pico Rivera city	217	131	140	362	850
Los Angeles	Pomona city	919	543	592	1,572	3,626
Los Angeles	Rancho Palos Verdes city	8	5	5	13	31
Los Angeles	Redondo Beach city	372	223	238	564	1,397
Los Angeles	Rolling Hills city	2	1	1	2	6
Los Angeles	Rolling Hills Estates city	1	1	1	2	5
Los Angeles	Rosemead city	153	88	99	262	602
Los Angeles	San Dimas city	121	72	77	193	463
Los Angeles	San Fernando city	55	32	35	95	217
Los Angeles	San Gabriel city	236	142	154	398	930
Los Angeles	San Marino city	1	1	0	0	2
Los Angeles	Santa Clarita city	2,208	1,315	1,410	3,389	8,322
Los Angeles	Santa Fe Springs city	82	50	53	139	324
Los Angeles	Santa Monica city	428	263	283	700	1,674
Los Angeles	Sierra Madre city	14	9	9	23	55
Los Angeles	Signal Hill city	44	27	28	70	169
Los Angeles	South El Monte city	43	25	28	76	172
Los Angeles	South Gate city	314	185	205	558	1,262
Los Angeles	South Pasadena city	17	10	11	25	63
Los Angeles	Temple City city	159	93	99	252	603
Los Angeles	Torrance city	380	227	243	600	1,450
Los Angeles	Vernon city	1	1	0	0	2
Los Angeles	Walnut city	246	144	155	363	908
Los Angeles	West Covina city	217	129	138	347	831
Los Angeles	West Hollywood city	19	12	13	33	77
Los Angeles	Westlake Village city	12	7	8	18	45
Los Angeles	Whittier city	228	135	146	369	878
Los Angeles	Unincorporated	7,854	4,650	5,060	12,581	30,145

Draft Regional Housing Needs Allocation, 1/1/2014-9/30/2021

<i>Draft</i>		Number of very low income households	Number of low income households	Number of moderate income households	Number of above moderate income households	Total
County	City					
Orange	Aliso Viejo city	9	7	7	16	39
Orange	Anaheim city	1,256	907	1,038	2,501	5,702
Orange	Brea city	426	305	335	785	1,851
Orange	Buena Park city	76	53	62	148	339
Orange	Costa Mesa city	1	1	0	0	2
Orange	Cypress city	71	50	56	131	308
Orange	Dana Point city	76	53	61	137	327
Orange	Fountain Valley city	83	59	65	151	358
Orange	Fullerton city	411	299	337	794	1,841
Orange	Garden Grove city	164	120	135	328	747
Orange	Huntington Beach city	313	220	248	572	1,353
Orange	Irvine city	2,817	2,034	2,239	5,059	12,149
Orange	Laguna Beach city	1	1	0	0	2
Orange	Laguna Hills city	1	1	0	0	2
Orange	Laguna Niguel city	43	30	34	75	182
Orange	Laguna Woods city	1	1	0	0	2
Orange	La Habra city	1	1	1	1	4
Orange	Lake Forest city	647	450	497	1,133	2,727
Orange	La Palma city	2	2	2	3	9
Orange	Los Alamitos city	14	10	11	26	61
Orange	Mission Viejo city	42	29	33	73	177
Orange	Newport Beach city	1	1	1	2	5
Orange	Orange city	83	59	66	155	363
Orange	Placentia city	112	81	90	209	492
Orange	Rancho Santa Margarita city	1	1	0	0	2
Orange	San Clemente city	134	95	108	244	581
Orange	San Juan Capistrano city	147	104	120	267	638
Orange	Santa Ana city	45	32	37	90	204
Orange	Seal Beach city	1	1	0	0	2
Orange	Stanton city	68	49	56	140	313
Orange	Tustin city	283	195	224	525	1,227
Orange	Villa Park city	3	2	3	6	14

Draft Regional Housing Needs Allocation, 1/1/2014-9/30/2021

<i>Draft</i>		Number of very low income households	Number of low income households	Number of moderate income households	Number of above moderate income households	Total
County	City					
Orange	Westminster city	1	1	0	0	2
Orange	Yorba Linda city	160	113	126	270	669
Orange	Unincorporated	1,240	879	979	2,174	5,272
Riverside	Banning city	872	593	685	1,642	3,792
Riverside	Beaumont city	1,267	854	969	2,160	5,250
Riverside	Blythe city	91	64	75	172	402
Riverside	Calimesa city	543	383	433	982	2,341
Riverside	Canyon Lake city	21	14	16	32	83
Riverside	Cathedral City city	141	95	110	254	600
Riverside	Coachella city	1,555	1,059	1,212	2,945	6,771
Riverside	Corona city	192	128	142	308	770
Riverside	Desert Hot Springs city	946	661	772	1,817	4,196
Riverside	Hemet city	134	96	112	262	604
Riverside	Indian Wells city	40	27	31	62	160
Riverside	Indio city	714	487	553	1,271	3,025
Riverside	Lake Elsinore city	1,196	801	897	2,035	4,929
Riverside	Menifee city	1,488	1,007	1,140	2,610	6,245
Riverside	La Quinta city	91	61	66	146	364
Riverside	Moreno Valley city	1,500	993	1,112	2,564	6,169
Riverside	Murrieta city	395	262	289	627	1,573
Riverside	Norco city	205	136	151	326	818
Riverside	Palm Desert city	98	67	76	172	413
Riverside	Palm Springs city	63	43	50	116	272
Riverside	Perris city	1,026	681	759	1,814	4,280
Riverside	Rancho Mirage city	23	15	18	39	95
Riverside	Riverside city	2,002	1,336	1,503	3,442	8,283
Riverside	San Jacinto city	562	394	441	1,036	2,433
Riverside	Temecula city	375	251	271	596	1,493
Riverside	Wildomar city	621	415	461	1,038	2,535
Riverside	Unincorporated	7,956	5,396	6,115	14,011	33,478
San Bernardino	Adelanto city	633	459	513	1,236	2,841
San Bernardino	Apple Valley town	764	541	622	1,407	3,334

Draft Regional Housing Needs Allocation, 1/1/2014-9/30/2021

<i>Draft</i>		Number of very low income households	Number of low income households	Number of moderate income households	Number of above moderate income households	Total
County	City					
San Bernardino	Barstow city	188	138	154	363	843
San Bernardino	Big Bear Lake city	1	1	0	0	2
San Bernardino	Chino city	707	478	533	1,176	2,894
San Bernardino	Chino Hills city	217	148	164	333	862
San Bernardino	Colton city	443	302	347	831	1,923
San Bernardino	Fontana city	1,442	974	1,090	2,471	5,977
San Bernardino	Grand Terrace city	28	19	22	49	118
San Bernardino	Hesperia city	398	274	314	729	1,715
San Bernardino	Highland city	349	246	280	625	1,500
San Bernardino	Loma Linda city	254	177	202	462	1,095
San Bernardino	Montclair city	164	114	125	294	697
San Bernardino	Needles city	38	29	34	80	181
San Bernardino	Ontario city	2,592	1,745	1,977	4,547	10,861
San Bernardino	Rancho Cucamonga city	209	141	158	340	848
San Bernardino	Redlands city	579	396	453	1,001	2,429
San Bernardino	Rialto city	636	432	496	1,151	2,715
San Bernardino	San Bernardino city	980	696	808	1,900	4,384
San Bernardino	Twentynine Palms city	103	72	84	195	454
San Bernardino	Upland city	382	260	294	653	1,589
San Bernardino	Victorville city	1,698	1,207	1,342	3,124	7,371
San Bernardino	Yucaipa city	376	261	299	669	1,605
San Bernardino	Yucca Valley town	209	149	172	400	930
San Bernardino	Unincorporated	9	6	7	17	39
Ventura	Camarillo city	539	366	411	908	2,224
Ventura	Fillmore city	160	112	128	294	694
Ventura	Moorpark city	289	197	216	462	1,164
Ventura	Ojai city	87	59	70	155	371
Ventura	Oxnard city	1,688	1,160	1,351	3,102	7,301
Ventura	Port Hueneme city	1	1	0	0	2
Ventura	San Buenaventura (Ventura) cit	861	591	673	1,529	3,654
Ventura	Santa Paula city	288	201	241	555	1,285
Ventura	Simi Valley city	310	208	229	509	1,256

Draft Regional Housing Needs Allocation, 1/1/2014-9/30/2021

<i>Draft</i>		Number of very low income households	Number of low income households	Number of moderate income households	Number of above moderate income households	Total
County	City					
Ventura	Thousand Oaks city	47	32	36	77	192
Ventura	Unincorporated	342	233	262	573	1,410

Notes

\* The city boundaries for the base year and the projected year are based on January 1, 2011.

\*\* Eastvale and Jurupa Valley RHNA figures are still part of Riverside County RHNA allocation and will be determined and provided shortly.

# REPORT

**DATE:** December 9, 2011

**TO:** Regional Housing Needs Assessment (RHNA) Subcommittee

**FROM:** Joann Africa, Chief Counsel, 213-236-1928, [africa@scag.ca.gov](mailto:africa@scag.ca.gov)

**SUBJECT:** Proposed RHNA Procedures for Revision Requests, Appeals and Trade & Transfers

**EXECUTIVE DIRECTOR'S APPROVAL:** 

**RECOMMENDED ACTION:**  
Review and recommend that the Community, Economic and Human Development (CEHD) Committee recommend to the Regional Council approval of the proposed procedures for addressing RHNA revision requests, appeals and trades & transfers.

**EXECUTIVE SUMMARY:**  
*Staff presents for the RHNA Subcommittee's review and consideration of the proposed procedures for handling the revision requests, appeals and trades & transfers processes related to the 5<sup>th</sup> cycle RHNA. Given that the Draft RHNA Plan is scheduled to go before the Regional Council on February 2, 2012, it would be advisable to have the procedures approved and in place at the time the Draft RHNA Plan is approved for distribution.*

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

**BACKGROUND:**  
Attached for the RHNA Subcommittee's review are the proposed procedures for handling revision requests, appeals and trades & transfers related to the 5<sup>th</sup> cycle Regional Housing Needs Assessment. Staff seeks approval of the procedures at this time in order to comply with the current RHNA schedule. As the Subcommittee is aware, the Draft RHNA Plan is scheduled to be reviewed and approved for distribution by the Regional Council on February 2, 2012. The attached procedures propose that the revision requests process commence shortly thereafter (followed by the appeals process). Therefore, it is advisable to have the procedures approved before or at the time that the Draft RHNA Plan is approved for distribution. A timeline is included within the procedures (see, Exhibit "A" in the procedures).

Legal staff intends to go over the various aspects of the attached procedures, including the role of the RHNA Subcommittee with respect to addressing revision requests and appeals. The procedures were written based upon existing RHNA law. To the extent that an issue is not addressed in the existing law, particularly related to trades & transfers, staff has proposed rules or methods which it believes are reasonable and consistent with the law as well as our current RHNA process.

# REPORT

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**FISCAL IMPACT:**

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

**ATTACHMENT:**

- Proposed RHNA Procedures regarding Revision Requests, Appeals and Trades & Transfers

Reviewed by:   
Department Director

Reviewed by:   
Chief Financial Officer





# 5<sup>TH</sup> CYCLE REGIONAL HOUSING NEED ASSESSMENT

## *PROCEDURES REGARDING REVISION REQUESTS, APPEALS AND TRADE & TRANSFERS*

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In accordance with Government Code Section 65584.05, there are three (3) processes whereby local jurisdictions within the SCAG region may seek to modify their allocated share of the regional housing need included as part of SCAG’s Draft Regional Housing Needs Assessment (RHNA) Allocation Plan, hereinafter referred to as the “Draft RHNA Plan.”

The first process involves local jurisdictions requesting a revision of its draft allocation. This “revision process” is outlined in Section I herein.

As outlined in Section II, the second process involves a formal appeal with SCAG if the local jurisdiction’s draft allocation was not modified as part of the revision process.

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

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

### **I. REVISION PROCESS**

#### **A. DEADLINE TO FILE**

Under existing law<sup>1</sup>, SCAG can determine the period by which local jurisdictions may request a revision of its draft allocation. According to SCAG’s current schedule for the 5<sup>th</sup> cycle RHNA Plan, attached hereto as Exhibit “A,” the Draft RHNA Plan is currently projected to go before SCAG’s Regional Council for

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<sup>1</sup> Unless otherwise stated, any reference to “existing law” herein shall mean a reference to California Government Code Section 65584.05.

review and distribution on February 2, 2012. The period to request revisions shall commence on February 9, 2012. In order to comply with SCAG's current RHNA schedule, any jurisdiction seeking to request a revision of its draft RHNA allocation must submit the request by March 15, 2012. Late revision requests shall not be accepted by SCAG, and any request shall be subject to the limits and alternative data requirements for appeals, as noted in Section II.D and E.

## **B. FORM OF REVISION REQUEST**

In accordance with existing law, local jurisdictions may "request a revision of its share of the regional housing need in accordance with the factors described in paragraphs (1) through (9), inclusive, of subdivision (d) of Section 65584.04, including any information submitted by the local government pursuant to subdivision (b) of that section." Specifically, a local jurisdiction may request a revision of its draft RHNA allocation based upon AB 2158 factors, including any information submitted by the jurisdiction regarding the AB 2158 factors as a result of SCAG's local survey process. These AB 2158 factors are outlined in Section II, subsection C herein, relating to the appeals process. A local jurisdiction shall submit its revision request using the form attached hereto as Exhibit "B."

SCAG staff shall consider and recommend what action should be taken regarding any revision request, subject to the approval of the RHNA Subcommittee. The RHNA Subcommittee was previously established by SCAG's Regional Council to guide the development of the 5<sup>th</sup> cycle RHNA plan. The RHNA Subcommittee is comprised of six (6) members and six (6) alternates, each representing one of the six (6) counties in the SCAG region. There shall be a quorum of the RHNA Subcommittee when each county is represented, and while alternates are permitted to participate in the appeal hearing process, each county shall only be entitled to one vote.

Decisions regarding revision requests shall be made within sixty (60) days after the deadline to request revisions. During this period, SCAG staff shall review the revision request and make a formal recommendation related to the revision request to the RHNA Subcommittee. The RHNA Subcommittee shall thereafter review staff's recommendations as part of a RHNA Subcommittee public meeting. Local jurisdictions shall be notified in advance of the RHNA Subcommittee's review of their revision requests.

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

Any decision by the RHNA Subcommittee to grant or partially grant a revision request shall result in an adjustment to the total regional number provided in the Draft RHNA Plan. There will also be proportional adjustments made across the four income categories in the Draft RHNA Plan. In considering and determining any revision requests, the RHNA Subcommittee shall maintain the total regional housing need determined by the California Department of Housing and Community Development (HCD) of 409,060 to 438,030 housing units for the period of 2013-2021. Any revision requests granted by the RHNA Subcommittee shall not result in SCAG's total regional housing need to be lower than 409,060 housing units. Adjustments resulting from successful revision requests shall not be subject to reallocation. The local jurisdiction shall be notified in writing of the RHNA Subcommittee's decision regarding its revision request.

## **II. APPEALS PROCESS**

### **A. DEADLINE TO FILE**

A local jurisdiction may file an appeal of its draft RHNA allocation with SCAG if the jurisdiction requested a revision under the process described in Section I above and does not accept the decision regarding the request by the RHNA Subcommittee, except in the cases where the jurisdiction is filing an appeal based upon SCAG's application of the allocation methodology or a change in circumstances. The period to file appeals shall commence on April 23, 2012. In order to comply with SCAG's current RHNA schedule, any jurisdiction seeking to appeal its draft allocation of the regional housing need must file an appeal by May 29, 2012. Late appeals shall not be accepted by SCAG.

### **B. FORM OF APPEAL**

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

### **C. BASES FOR APPEAL**

Local jurisdictions shall only file an appeal based upon the criteria listed below. In order to provide guidance to potential appellants, information regarding SCAG's allocation methodology approved by SCAG's Regional Council on November 3, 2011, and application of local factors in the development of SCAG's allocation methodology is attached hereto as Exhibit "D".

1. Methodology – That SCAG failed to determine the jurisdiction’s share of the regional housing need in accordance with the information described in the allocation methodology established and approved by SCAG.
2. AB 2158 Factors – That SCAG failed to consider information submitted by the local jurisdiction relating to certain local factors outlined in Govt. Code § 65584.04(b), including the following:
  - a. Each member jurisdiction’s existing and projected jobs and housing relationship.
  - b. The opportunities and constraints to development of additional housing in each member jurisdiction, including the following:
    - (1) lack of capacity for sewer or water service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period;
    - (2) the availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities;
    - (3) Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis.
    - (4) County policies to preserve prime agricultural land, as defined pursuant to Government Code Section 56064, within an unincorporated area.

- c. The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure.
  - d. The market demand for housing.
  - e. Agreements between a county and cities in a county to direct growth toward incorporated areas of the county.
  - f. The loss of units contained in assisted housing developments that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.
  - g. High housing costs burdens.
  - h. The housing needs of farmworkers.
  - i. The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.
3. Changed Circumstances – That a significant and unforeseen change in circumstances has recently occurred in the jurisdiction that merits a revision of the information previously submitted by the local jurisdiction.

**D. LIMITS ON SCOPE OF APPEAL**

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

- 1. Any other criteria other than the criteria in Section II.C above.

2. A local jurisdiction's existing zoning ordinance and land use restrictions, including but not limited to, the contents of the local jurisdiction's current general plan. In accordance with Government Code Section 65504.04(d)(2)(B), SCAG may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions.
3. Any local ordinance, policy, voter-approved measure or standard limiting residential development. Pursuant to Government Code Section 65584.04(f), any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits shall not be a justification for a determination or a reduction in a city's or county's share of regional housing need.

#### **E. ALTERNATIVE DATA REQUIREMENTS**

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

1. The alternative data shall be readily available for SCAG's review and verification. Alternative data should not be constrained for use by proprietary conditions or other conditions rendering them difficult to obtain or process.
2. The alternative data shall be accurate, current, and reasonably free from defect.
3. The alternative data shall be relevant and germane to the local jurisdiction's basis of appeal.
4. The alternative data shall be used to support a logical analysis relating to the local jurisdiction's request for a change in its regional housing need allocation.

#### **F. HEARING BODY**

SCAG's Regional Council has delegated the responsibility of considering appeals regarding draft allocations to the RHNA Subcommittee. All provisions of the RHNA Subcommittee's charter shall apply with respect to the conduct of the

appeal hearings. In the event that a local jurisdiction has requested a revision and filed an appeal solely based on AB 2158 factors, the RHNA Subcommittee shall have the right to deny the appeal if it has previously granted or partially granted the jurisdiction's revision request.

#### **G. APPEAL HEARING**

Hearings related to appeals shall occur no later July 13, 2012. Notice shall be provided to the appealing jurisdiction in accordance with existing law. The appeal hearing(s) may take place provided that each county is represented either by a member or alternate of the RHNA Subcommittee. Alternates are permitted to participate in the appeal hearing, provided however, that each county shall only be entitled to one vote when deciding on the appeal. In the event the hearing involves the member's or alternate's respective jurisdiction, the member or alternate shall be disqualified and is not permitted to participate in the hearing, except as a member of the public.

The hearing(s) shall be conducted to provide the appealing jurisdiction with the opportunity to make its case regarding a change in its draft regional housing need allocation, with the burden on the appealing jurisdiction to prove its case. The RHNA Subcommittee need not adhere to formal evidentiary rules and procedures in conducting the hearing. An appealing jurisdiction may choose to have technical staff present its case at the hearing. At a minimum, technical staff should be available at the hearing to answer any questions of the RHNA Subcommittee. SCAG staff shall also be permitted to present its position and may make a recommendation on the technical merits of the appeal to the RHNA Subcommittee, subject to any rebuttal by the appealing jurisdiction.

#### **H. DETERMINATION OF APPEAL**

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

#### **III. POST-APPEAL REALLOCATION OF REGIONAL HOUSING NEED**

In accordance with existing law (see, Government Code Section 65584.05(g)), after the conclusion of the appeals process, SCAG shall total the successfully

appealed housing need allocations. If the adjustments total seven percent (7%) or less of the regional housing need, SCAG shall distribute the adjustments proportionally to all local jurisdictions.

If the adjustments total more than seven percent (7%) of the regional housing need, existing law provides that SCAG can develop a methodology to distribute the amount greater than seven percent to local governments. In this situation, SCAG's methodology shall be to distribute the remainder proportionally to all local jurisdictions.

#### **IV. TRADE AND TRANSFER PROCESS**

As an alternative to the revision request or appeals processes, a local jurisdiction may attempt a "trade and transfer" of its allocation with another jurisdiction(s), for the purpose of developing an alternative distribution of housing need allocations consistent with existing law. SCAG shall facilitate or assist in trade and transfer efforts by local jurisdictions, to the extent reasonably feasible. As such, local jurisdictions need not request a revision or file an appeal with SCAG in order to attempt trades and transfers. The alternative distribution shall be evidenced by way of a written agreement or other documentation outlining the respective jurisdictions' modified allocations. Any alternative distribution shall be submitted to SCAG prior to SCAG's issuance of the Final RHNA Plan, and shall be subject to any post-appeal reallocations as described in Section III above.

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

- A. Transfer request shall have at least two willing parties and the total number of units originally assigned to the group requesting the transfer (hereinafter referred to as the "transfer group") cannot be reduced.
- B. All members of the transfer group shall retain some allocation of very-low and low-income units. SCAG advises that a minimum of twenty percent (20%) of the original allocations be retained for very-low and low-income units.
- C. The proposed transfer includes a description of incentives and/or resources that will enable the jurisdiction(s) receiving an increased allocation to provide more housing choices absent the proposed transfer and accompanying incentives or resources.



- D. The proposed transfer shall be consistent with existing housing law, including the RHNA objectives set forth in Government Code Section 65584(d) (1) through (4).
- E. If the proposed transfer results in a greater concentration of very-low income or low-income units in a receiving jurisdiction which has a disproportionately high share of households in that income category, the transfer group shall provide a reasonable justification to SCAG so as to address the RHNA objectives set forth in Government Code Section 65584(d) (1) through (4).
- F. The proposed transfer shall not prohibit SCAG from making a determination that its Final RHNA Plan is consistent with SCAG's regional transportation plan (RTP) and related Sustainable Communities Strategy (SCS).
- G. The transfer group shall retain its originally assigned allocations in the event the agreement involving the proposed transfer is not completed by the respective deadline.

**V. FINAL RHNA PLAN**

After SCAG makes any adjustments resulting from the revision request process, reallocates units to all local jurisdictions resulting from successful appeals, and incorporates any alternative distributions of transferring jurisdictions, SCAG's Regional Council shall review and consider adoption of the Final RHNA Plan for SCAG's 5<sup>th</sup> cycle RHNA. This is scheduled to occur on October 4, 2012.

Exhibit "A" -- RHNA Timeline (February 2012-October 2013)

February 2, 2012	SCAG's Regional Council reviews and considers distribution of SCAG's Draft RHNA Plan.
February 9, 2012	Start of period for local jurisdictions to request revision of its draft allocation based upon AB 2158 factors.
March 15, 2012	Last day for local jurisdictions to request revision based upon AB 2158 factors.
April 19, 2012	Deadline to address all revision requests by SCAG staff and RHNA Subcommittee.
April 23, 2012	Start of period for local jurisdiction to file appeal of its draft allocation based upon application of SCAG's methodology, AB 2158 factors or changed circumstances.
May 29, 2012	Last day for local jurisdiction to file appeal based upon application of SCAG's methodology, AB 2158 factors or changed circumstances.
June 8, 2012	Deadline for SCAG to notify jurisdiction of public hearing date before RHNA Subcommittee regarding appeal.
July 9-13, 2012	Period in which public hearing(s) before RHNA Subcommittee can be held for appealing jurisdictions.
July 23, 2012	End of the appeals process; RHNA Subcommittee to issue written decisions regarding all appeals by this date.
August 17, 2012	Deadline for jurisdictions who have undertaken the trade & transfer process to submit alternative distribution of draft allocations to SCAG.
Month of August 2012	Staff to begin preparing the proposed final RHNA Allocation Plan (Final RHNA Plan), which shall include alternative distribution/transfers and adjustments resulting from post-appeal reallocation process.
September 4, 2012	RHNA Subcommittee to review and recommend approval of Final RHNA Plan by SCAG's CEHD Committee.
September 6, 2012	CEHD Committee to review and recommend approval of the Final RHNA Plan by SCAG's Regional Council. SCAG staff notifies jurisdictions of public hearing date relating to the adoption of the Final RHNA Plan.
October 4, 2012	SCAG's Regional Council holds a public hearing to review and consider adoption of the Final RHNA Plan.
October 5, 2012	SCAG submits its adopted 5 <sup>th</sup> cycle Final RHNA Plan to HCD.
Dec 3, 2012	Deadline for final approval of SCAG's Final RHNA Plan by HCD.
October 31, 2013	Due date for jurisdictions in the SCAG Region to submit revised Housing Elements to HCD.

Exhibit "B" -- Revision Request Form



# Fifth Regional Housing Needs Assessment (RHNA) Cycle Revision Request

Date: \_\_\_\_\_

Jurisdiction: \_\_\_\_\_

County: \_\_\_\_\_

Subregion: \_\_\_\_\_

Contact: \_\_\_\_\_

Phone/Email: \_\_\_\_\_

**REVISION REQUEST AUTHORIZED BY:**

**PLEASE CIRCLE BELOW:**

Name: \_\_\_\_\_

Mayor      Chief Administrative Officer      City Manager

Chair of County Board of Supervisors      Other: \_\_\_\_\_

**BASES FOR REVISION REQUEST**

- AB 2158 Factors (See Government Code Section 65584.04(d))
  - Existing or projected jobs-housing balance
  - Sewer or water infrastructure constraints for additional development
  - Availability of land suitable for urban development or for conversion to residential use
  - Lands protected from urban development under existing federal or state programs
  - County policies to preserve prime agricultural land
  - Distribution of household growth assumed for purposes of comparable Regional Transportation Plans
  - Market demand for housing
  - County-city agreements to direct growth toward incorporated areas of County
  - Loss of units contained in assisted housing developments
  - High housing cost burdens
  - Housing needs of farmworkers
  - Housing needs generated by the presence of a university campus within a jurisdiction

**Brief Description of Revision Request and Desired Outcome:**

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

- 1.
- 2.
- 3.

**FOR STAFF USE ONLY:**

Date \_\_\_\_\_

Hearing Date: \_\_\_\_\_

Planner: \_\_\_\_\_

Exhibit "C" -- Appeal Form



# Fifth Regional Housing Needs Assessment (RHNA) Cycle Appeal Request

Date: \_\_\_\_\_

Jurisdiction: \_\_\_\_\_

County: \_\_\_\_\_

Subregion: \_\_\_\_\_

Contact: \_\_\_\_\_

Phone/Email: \_\_\_\_\_

**APPEAL AUTHORIZED BY:**

**PLEASE CIRCLE BELOW:**

Name: \_\_\_\_\_

Mayor      Chief Administrative Officer      City Manager

Chair of County Board of Supervisors      Other: \_\_\_\_\_

**BASES FOR APPEAL\***

- RHNA Methodology
- AB 2158 Factors (See Government Code Section 65584.04(d))
  - Existing or projected jobs-housing balance
  - Sewer or water infrastructure constraints for additional development
  - Availability of land suitable for urban development or for conversion to residential use
  - Lands protected from urban development under existing federal or state programs
  - County policies to preserve prime agricultural land
  - Distribution of household growth assumed for purposes of comparable Regional Transportation Plans
  - Market demand for housing
  - County-city agreements to direct growth toward incorporated areas of County
  - Loss of units contained in assisted housing developments
  - High housing cost burdens
  - Housing needs of farmworkers
  - Housing needs generated by the presence of a university campus within a jurisdiction
- Changed Circumstances

**Brief Description of Appeal Request and Desired Outcome:**

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

- 1.
- 2.
- 3.

\*Per Government Code Section 65584.05(d), appeals to the draft RHNA Allocation Plan can only be made by jurisdictions that have previously filed a revision request and do not accept the revision request findings made by SCAG, except for appeals based on RHNA methodology and changed circumstances.

**FOR STAFF USE ONLY:**

Date \_\_\_\_\_

Hearing Date: \_\_\_\_\_

Planner: \_\_\_\_\_

Exhibit “D” – SCAG’s Adopted Allocation Methodology for 5<sup>th</sup> Cycle RHNA

SB 375 requires SCAG's Regional Transportation Plan (RTP)/Sustainable Communities Strategy (SCS) and Regional Housing Needs Assessment (RHNA) to be developed under an integrated process—one process that will facilitate internal consistency amongst these policy initiatives, while also fulfilling the multiple objectives required by the applicable laws and planning regulations.

As the region's Council of Governments, SCAG is responsible for the development of the 2012 RTP/SCS and allocation of the state-determined regional housing needs among all local jurisdictions in the SCAG region. SCAG and the California Department of Housing and Community Development (HCD) officially started the consultation process to determine the total housing needs for the SCAG region on June 20, 2011. As a result of the consultation process, on August 17, 2011, HCD determined SCAG's regional housing need to be a range of 409,060 to 438,030 units for the period 2013-2021.

This report describes the Data/GIS and Integrated Growth Forecast process, methodology, and results that will serve as the framework and foundation for the 2012 RTP/SCS development, and will also be used to produce the 5<sup>th</sup> Cycle RHNA Allocation Methodology (also referred to as "Allocation Methodology" herein), which shall be applied to distribute the regional housing need to produce a draft housing allocation to all local jurisdictions within the SCAG region. All key elements of the 5<sup>th</sup> Cycle RHNA Allocation Methodology are presented in detail in the later portion of this report.

### *The Stepwise Procedure of 5<sup>th</sup> Cycle RHNA Allocation Methodology*

The RHNA Allocation Methodology includes the following components and steps:

- (1) Each jurisdiction's projected housing needs, or its RHNA allocation, is determined by three components: (a) projected household growth, (b) healthy market vacancy need, and (c) housing replacement need;
- (2) Projected household growth for each jurisdiction should be consistent with 2012 RTP/SCS Integrated Growth Forecast process and results. (*See, Appendix IV for Preliminary Allocation as of May 13, 2011, subject to further discussion with local jurisdictions, additional refinement and adjustment consistent with 2012 RTP/SCS development process and results*);
- (3) Healthy market vacancy need is determined by applying 1.5%-owner vacancy rate and 4.5%-renter vacancy rate to each jurisdiction's projected household growth, split by the proportion of owner occupied units and renter occupied units from the 2010 Census;
- (4) Replacement need is determined by applying each jurisdiction's share of SCAG's historical demolitions to the region's housing replacement need, as determined by HCD. A jurisdiction's share of the region's demolitions will be derived using historical demolitions data from the Department of Finance (DOF). The replacement need will then be adjusted by applying the share to the jurisdiction's input gathered through SCAG's Housing Unit Demolition Survey. (*See, Appendix V*). Due to limited data availability regionwide, the replacement need will be applied to the individual jurisdiction's total draft allocation, prior to determining housing need by income category;
- (5) Determine each jurisdiction's projected housing needs that can be met with "excess" vacant units in their existing housing stock. The excess vacant unit credit for the region is 69,105 for effective vacancies and 6,286 for "other" vacant unit types, as determined by HCD (*See, Appendix VIII for vacant unit statistics and credit determination*). Due to limited data availability regionwide, the excess vacancy credit will be applied to the individual jurisdiction's total draft allocation, prior to determining housing need by income category;



- and,
- (6) Provide income distribution for each jurisdiction to allocate housing needs into four income categories, consistent with the 110% fair-share/over-concentration adjustment policy as adopted by SCAG's RHNA Subcommittee (*See*, Appendix VI).

In addition, the Allocation Methodology will address potential RHNA transfers due to future annexations by assessing future growth within spheres of influence areas. For any annexation areas outside a sphere of influence, the Allocation Methodology recognizes the existence of the small area dataset used for RTP/SCS modeling as a framework to derive the potential RHNA transfers in those specific areas. The jurisdictional boundaries as the starting point for this analysis will be based on the dataset as of January 1, 2011 and any future changes thereafter.

The key RHNA Allocation Methodology components are summarized below:

- (1) Existing housing needs
- (2) Projected housing needs for the RHNA planning period (October 1, 2013 – October 1, 2021)
  - (i) Total Regional Housing Needs Determination (as determined through SCAG's consultation with HCD)
  - (ii) RHNA Allocation Methodology
    - Projected household growth and AB 2158 factors
    - Healthy market vacancy need
    - Housing replacement need
    - The number of excess vacant units in a jurisdiction's existing housing stock
- (3) The interactions between the RHNA process and the RTP/SCS development process
  - (i) Housing planning needs to be coordinated and integrated with the RTP/SCS
  - (ii) To achieve this goal, the RHNA allocation plan shall distribute housing units within the region consistent with the development pattern included in the SCS
  - (iii) The SCS shall identify areas within the region sufficient to accommodate an eight-year projection of the regional housing needs for the region pursuant to Government Code Section 65584 (RHNA); and
- (4) SCAG 2012 Integrated Growth Forecast Process and results for RTP/SCS and RHNA

### **Existing Housing Needs**

#### **Approach to addressing existing housing needs in the SCAG Region**

To meet the requirements of assessing existing housing needs and to help local jurisdictions prepare potential updates to their housing elements, SCAG has committed to collaborate with other government agencies, stakeholders, and local jurisdictions to process data from the 2010 Census along with housing related statistics from other sources for the purpose of providing value-added information as required by housing law. Statistics required to meet the existing housing needs include:

- (1) Local jurisdiction's share of the regional housing needs in accordance with Section 65584
- (2) Statistics on household characteristics, including over-payment, overcrowding, and housing stock condition
- (3) An inventory of land suitable for residential development, including vacant sites and sites having potential for redevelopment

- (4) An analysis of any special housing needs, such as elderly, persons with disabilities, large families, farm workers, families with female heads of households, and families and persons in need of emergency shelter
- (5) Statistics on existing assisted housing developments

The data set described above was distributed in draft form to stakeholders, interested parties, and on SCAG's RHNA webpage in late July 2011 (*See, Appendix I*).

### **Projected Regional Total Housing Needs for RHNA Planning Period**

Before HCD determines the total housing needs and its allocation by income category for the SCAG region, Government Code 65584.01 provides a procedure and process to guide the consultation process between SCAG, DOF, and HCD to reach the determination. The stepwise methodologies are as follows:

- (1) Determine SCAG's regional population growth for the RHNA projection period
- (2) Determine the headship rate
- (3) Determine SCAG's regional household growth by applying the headship rate to population growth
- (4) Subtract population and household growth located on Tribal Lands
- (5) Determine the healthy market vacancy rates for both owner-occupied (1.5%) and renter-occupied (4.5%) housing units
- (6) Determine the data and methodology that will be used to estimate the housing replacement need (SCAG applied 0.7% to projected household growth)
- (7) Total SCAG regional housing needs = [household growth x (1 + healthy market vacancy rate)] + [housing replacement need]
- (8) Apply "excess" vacant units in existing housing stock to partially meet SCAG's total RHNA need
- (9) Total housing needs breakdown by income category [Above Moderate (>120%), Moderate (80%-120%), Low (50%-80%), and Very Low (<50%)] based on county median household income (MHI)<sup>1</sup> from the 2005-2009 American Community Survey (ACS)

Based on the 2012 RTP/SCS Integrated Growth Forecast process and results, staff presented the Draft HCD/DOF consultation packet to the RHNA Subcommittee on May 27, to CEHD on June 2, and officially begun the consultation process with HCD on June 20, 2011. HCD issued its final determination for the SCAG region in August 2011.

### **The RHNA Allocation Methodology**

The Allocation Methodology is the tool used to assign each jurisdiction in the SCAG region its share of the region's total housing needs. No more than six months before the adoption of the Allocation Methodology, SCAG has to conduct a survey of all local jurisdictions on the factors described below, which shall be used to develop the Allocation Methodology.

A survey was distributed to all local jurisdictions in mid-June 2011 requesting information on the factors listed in Section 65584.04(d). Ninety-four (out of 197) jurisdictions responded to the survey and staff reviewed the responses for developing the RHNA Allocation Methodology (*See, Appendix II for the complete survey responses of RHNA allocation planning factors from jurisdictions*).

<sup>1</sup> According to 5-year ACS average data, the estimated SCAG region MHI=\$58,271. The estimated MHI for SCAG region counties are: Imperial (\$37,595), Los Angeles (\$54,828), Orange (\$73,738), Riverside (\$58,155), San Bernardino (\$55,461), and Ventura (\$74,828). All figures are in 2009 dollars.

- (1) Existing and projected jobs and housing relationship
- (2) The opportunities and constraints to develop additional housing in each member jurisdiction, including all of the following:
  - (i) Lack of capacity for sewer or water service
  - (ii) 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
  - (iii) Lands preserved or protected from urban development
  - (iv) County policies to preserve prime agricultural land
- (3) The distribution of household growth assumed for purposes of a comparable period of RTP and opportunities to maximize the use of public transportation and existing transportation infrastructure
- (4) The market demand for housing
- (5) Agreements between a county and cities in the county to direct growth toward incorporated areas of the county
- (6) The loss of units contained in assisted housing developments
- (7) High housing costs burdens
- (8) The housing needs of farmworkers
- (9) The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction
- (10) Any other factors adopted by the Council of Governments

The RHNA Allocation Methodology must also address the goals of state housing law in Government Code Section 65584 (d), including:

- (1) Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner
- (2) Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns
- (3) Promoting an improved intraregional relationship between jobs and housing
- (4) Allocating a lower proportion of housing needs 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 decennial United States census

Housing goals #1 to #3 as well as all RHNA allocation planning factors were generally addressed through the 2012 RTP/SCS Integrated Growth Forecast process and the results are described in the following section. State housing goal #4 listed above was addressed by the RHNA Subcommittee in its meeting on June 24, 2011 through the adoption of moving 110% towards county distribution in each of its four income categories for all local jurisdictions in SCAG region, which was the same adjustment used in the 4th RHNA. For additional information regarding this regional overconcentration/fair-share adjustment, please refer to Appendix VI of this Allocation Methodology.

The goals of the RHNA aim to promote social equity and address housing issues for all income groups by allocating a fair share of projected household needs for the corresponding planning period. However, the RHNA process is limited in its ability to directly implement housing needs for all segments of the population. Rather, implementation of affordable housing is identified in individual housing elements through a variety of implementation tools that address various housing needs. Identifying and utilizing implementation tools so as to result in housing for all income groups are particularly important due to the

integration of the RHNA process with that of the RTP/SCS.

Moreover, as presented in the HCD/DOF consultation packet, the SCAG growth projection framework and methodology directly and explicitly call for providing adequate housing to accommodate all population growth, taking into account for natural increase, domestic and international migration, and employment growth. First, population growth is consistent with employment growth through labor force participation and implied unemployment. Second, appropriate headship rates benchmarked with the latest Census information were applied to convert population growth into household formation. As a result of this procedure, both population and workers are closely linked with employment growth, and their demands on housing opportunities are also adequately addressed.

In addition, historical data on the flow of commuters/workers indicates that the region has been housing an increasing number of workers for jobs located outside the SCAG region. The excess or the difference between the number of workers living in the SCAG region and taking jobs outside the region versus the number of workers commuting into the region for jobs increased 14 fold – from 4,280 in 1980 to 59,921 in 2008. Thus, the region continues to increase the housing supply and the mix of housing types, tenure, and affordability not only in all cities and counties within the region in an equitable manner, but also to address housing needs for workers commuting for jobs located outside the SCAG region.

The Integrated Growth Forecast process and results derived through the two-year (May 2009 to July 2011) top-down and bottom-up process basically provide one growth pattern scenario (along with an associated RHNA allocation plan). Local considerations and SCAG's survey of RHNA allocation planning factors were incorporated as part of the Allocation Methodology, with information and input received from SCAG workshops and additional discussions and comments with individual jurisdictions, after further assessment by SCAG staff and policy committees, shaping the Allocation Methodology.

### **Development of Allocation Methodology**

For the purposes of undertaking RHNA and developing an Allocation Methodology, SCAG utilized the information generated as part of the development of the regional Draft Integrated Growth Forecast. The Draft Integrated Growth Forecast of household growth in 2021 is the starting basis for RHNA planning. At the regional level, the total regional household growth that is projected between 2011 and 2021, plus vacancy and housing replacement adjustment, is the draft projected housing needs for the region (see below for details).

The household forecast for each county in the year 2021 provided by the Draft Integrated Growth Forecast is the foundation of the RHNA allocation plan at the county level. Similarly, the household forecast for each jurisdiction in the year 2021, including unincorporated areas within each county, forms the basis of the RHNA allocation plan at the jurisdictional level.

Each jurisdiction's household distribution, which uses county level median household income based on 2005-2009 5-year ACS data, is the starting point for the RHNA housing allocation plan by income category.

Based upon staff's evaluation and assessment of local jurisdictions' responses to the survey of RHNA allocation planning factors, it is concluded that all factors listed above have been adequately addressed through the 2012 RTP/SCS Integrated Growth Forecast process and are reflected in the current version of the regional housing needs allocation plan.

Consideration of several RHNA allocation planning factors has been incorporated in the Draft Integrated Growth Forecast by way of analysis of aerial land use data, employment and job growth data from InfoUSA's employment database, data from the Census Transportation Planning Package (CTPP), local general plan data, parcel level property data from each county's tax assessor's office, building permit data, demolition data and forecast surveys distributed to local jurisdictions.

However, because the Draft Integrated Growth Forecast alone arguably does not adequately address some of the RHNA allocation planning factors, such as the loss of units contained in assisted housing developments and the housing needs for farm workers, the Allocation Methodology depended on obtaining additional information from local jurisdictions regarding the RHNA allocation planning factors and also on the outcome of RTP/SCS development as a result of SCAG's subregional workshops.

As of October 27, 2011, 94 jurisdictions have responded to the local planning factor survey. Based on the comments received, SCAG concludes there is no need to further refine the Allocation Methodology. The RHNA allocation planning factors have been considered in the Integrated Growth Forecast process as follows:

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

Staff evaluation and assessment of responses from SCAG's survey to local jurisdictions indicated that the Integrated Growth Forecast process and results have adequately addressed and maintained the existing and projected jobs/housing balance for most of the counties, subregions, and cities in the SCAG region. However, the jobs/housing balance issue may need to be further discussed through the RTP/SCS process to credibly promote additional job growth in areas where desirable jobs/housing ratios are difficult to achieve.

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

*(2) The opportunities and constraints to development of additional housing in each member jurisdiction, including all of the following, (i) lack of sewer or water service due to laws or regulations, (ii) the availability of land suitable for urban development or for conversion to residential use, (iii) lands preserved or protected from urban development under governmental programs designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis, and (iv) county policies to preserve prime agricultural land within an unincorporated area*

Consideration of the above planning factors has been incorporated into the Integrated Growth Forecast process and results by way of analysis of aerial land use data, general plan, parcel level property data from tax assessor's office, open space, agricultural land and resources areas, and forecast surveys distributed to local jurisdictions. The Integrated Growth Forecast process started with an extensive outreach effort involving all local jurisdictions regarding their land use and development constraints. All subregions and local jurisdictions were invited to provide SCAG their respective growth perspective and inputs. In addition, Transit Priority Project (TPP) growth opportunity areas defined

by Public Resources Code and transportation efficient places as defined by mortgage & transportation costs efficient areas are identified throughout the region to redirect growth that favors an urban form consistent with equity, efficiency, regional mobility, and air quality goals.

[ftp://javierm:scag123@data.scag.ca.gov/Data\\_Map\\_Guide\\_Example.zip](ftp://javierm:scag123@data.scag.ca.gov/Data_Map_Guide_Example.zip)

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

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

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

[ftp://javierm:scag123@data.scag.ca.gov/Data\\_Map\\_Guide\\_Example.zip](ftp://javierm:scag123@data.scag.ca.gov/Data_Map_Guide_Example.zip)

(4) *The market demand for housing*

All indicators of market demand, such as trends of building permits, household growth, employment growth and population growth are built into the forecasting methodology and model throughout all geographic levels. In addition, SCAG's Integrated Growth Forecast process and results have incorporated the latest economic statistics and updated data from the 2010 Census. Based upon staff's evaluation and assessment of jurisdictions' responses to the AB 2158 factors survey, local jurisdictions are concerned with the continuing weakness and depressed state of the housing market, and anticipate very negative impacts on economic and job growth. All these point to a persistent high level of vacancy rates, if not higher, in the foreseeable future. SCAG researched the number of "excess" vacant units from for sale, for rent, and from other vacant units and it was proposed to HCD to use these "excess" units to partially meet the projected future housing needs in the region, which will help all counties and cities in the SCAG region to effectively address their concerns. As part of its RHNA need determination, HCD accepted SCAG's proposal to allow excess units of jurisdictions to address projected future housing needs.

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

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

Moreover, staff's evaluation of responses from the local jurisdiction survey concluded that agreement between a county and cities in a county to direct growth toward incorporated areas of the county only occurred in Ventura County, and it has been adequately addressed and incorporated into

the Integrated Growth Forecast process and results through bottom-up input received from Ventura County local jurisdictions.

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

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

In addition, staff's assessment and evaluation of responses from the survey of this factor concluded that local jurisdictions had provided adequate documentation and discussion about their assisted affordable units and potential losses, and as was in last cycle of RHNA is best addressed through combining an existing housing needs statement giving local jurisdictions the discretion to deal with this factor. This factor will not be addressed as part of SCAG's Allocation Methodology. Instead, SCAG will provide the data for this factor to local jurisdictions to adequately plan for the loss of at risk low income units in preparing their housing elements.

*(7) High-housing costs burdens*

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

*(8) The housing needs of farm workers*

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

The housing needs of farm workers are not always included in a housing Allocation Methodology. Farm worker housing needs are concentrated geographically and across farm communities in specific SCAG region counties and sub areas. However, staff evaluation and assessment of responses from the local planning factor survey indicate that farm worker housing needs are only applicable to a few jurisdictions, and have been mostly addressed locally. As the policy adopted in

the last cycle of RHNA combines an existing housing needs statement with giving local jurisdictions the discretion to deal with farm worker housing needs, this factor will not be formally addressed in SCAG's Allocation Methodology. Instead, SCAG will provide the farm worker housing needs data for local jurisdictions to adequately plan for such need in preparing their housing elements. These data include:

- Farm workers by occupation
- Farm workers by industry
- Place of work for agriculture

(9) *The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction*

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

(10) *Others factors adopted by the council of governments.*

No other planning factors are being considered by SCAG as part of the Allocation Methodology.

### ***The Interactions between RHNA and the RTP/SCS Development Process***

As required by housing law, housing planning needs to be coordinated and integrated with the RTP/SCS process. To achieve this goal, the allocation plan shall allocate housing units within the region consistent with the development pattern included in the SCS, and the SCS shall identify areas within the region sufficient to house an eight-year projection of the regional housing needs for the region pursuant to Section 65584.

SCAG, in cooperation with the respective subregions within the SCAG region, conducted 18 public workshops in July and August 2011 for local jurisdictions, members of the public, and interested parties to provide input to SCAG with regard to:

- Developing the draft 2012 RTP/SCS and RHNA
- Refining SCAG's initial assessment of the growth and housing capacity of cities as reflected in the Integrated Growth Forecast and land uses through development types as required for the development of the RTP/SCS and RHNA

Staff has incorporated accordingly input received from the workshops stated above as part of this Allocation Methodology.

Finally, although there are currently no programs that directly provide incentives for jurisdictions to accept more units than allocated in the draft RHNA plan, there are several programs that provide funding or assistance to jurisdictions that implement affordable housing. These programs, subject to available funding, include the HCD Housing Related Parks Program, which rewards jurisdictions with grant funds which can



be used to create new parks or rehabilitation or improvement to existing parks, as well as the federal Home Investment Partnerships Program, which provides housing rehabilitation, new construction, and acquisition and rehabilitation for projects serving lower income renters and owners.

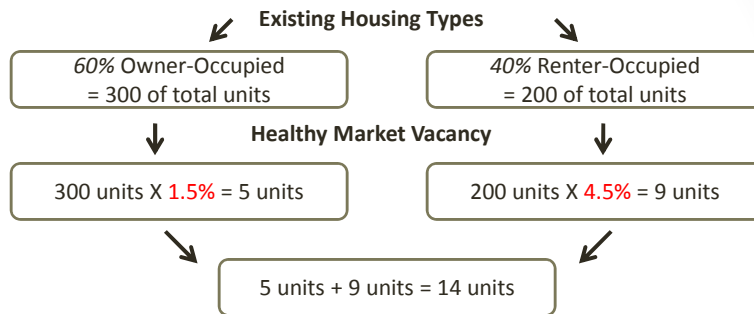
**APPENDICES:**

- I. *Statistics for Existing Housing needs: the 5th Cycle of Regional Housing Needs Assessment (RHNA)*
- II. *Complete Survey Responses of Local Planning Factors from Jurisdictions*
- III. *Jobs/Housing Balance and Index of Dissimilarity Analysis of SCAG Integrated Growth Forecast Results*
- IV. *Preliminary Projected Household Allocation as of May 13, 2011, subject to further discussion with local jurisdictions, additional refinement, and adjustment consistent with 2012 RTP/SCS process and results*
- V. *Replacement Need Allocation Methodology*
- VI. *Regional Fair-Share/Over-concentration Adjustment: 110% Move toward County Distribution of Each Income Category*
- VII. *Integrated Growth Forecast Process and Results for 2012 RTP/SCS and RHNA*
- VIII. *Vacant Unit Statistics and Excess Vacancy Credit Determination*

Due to their large size, the 5<sup>th</sup> Cycle RHNA Allocation Methodology appendices are available on the RHNA website ([www.scag.ca.gov/rhna](http://www.scag.ca.gov/rhna)), and a public copy will be made available at all public meetings and hearings related to the Allocation Methodology.

## Proposed RHNA Methodology: Example

City A = 500 units of Projected Household Growth



500 units + 14 units =  
**514 units of Growth and Vacancy Need**

## Proposed RHNA Methodology: Sample

514	Growth and vacancy need
+	
6	Replacement need
<hr/>	
520	Growth + vacancy need + replacement need

## Current Market Excess Vacancy Credit



- Two types
  - Effective Vacancy Credit
    - For sale and for rent units
    - Healthy market assumption depends on existing housing stock
    - Regional credit: 69,105
  - “Other” Vacant Units Credit
    - Vacant due to legal disputes, “shadow inventory”, unknown, etc.
    - Regional credit: 6,286
    - Healthy market assumption of 1.28% across the region

## Effective Vacancy Credit: City A

283	Total vacant units for rent and for sale (Census)
-14	Healthy market vacancy need
<hr/>	
269	Surplus vacant units above healthy market need



### Calculate City A's *share* of excess vacancy:

269	Surplus vacant units
÷	
<b>86,864</b>	Total regional excess vacancy [fixed]
<hr/>	
0.31%	City A's regional share



## Effective Vacancy Credit: City A

### Determine share of regional credit:

0.31%	City A's regional share
X	
<b>69,105</b>	Regional credit [fixed]
<hr/>	
216	Excess effective vacancy credit

## Excess "Other" Vacant Unit Credit: City A

### Determine normal market condition share:

5,000	City A's total housing units (Census)
X	
<b>1.28%</b>	Percentage of units that are "other"[fixed]
<hr/>	
64	Normal market condition assumption
↓	
77	City A's total "other" vacant units (Census)
-	
64	Normal market condition assumption
<hr/>	
13	"Other" vacant units above normal market

## Excess "Other" Vacant Unit Credit: City A

### Calculate City A's share of excess vacancy:

13 "Other" vacant units above normal market

÷

21,478 total regional excess vacancy [fixed]

---

0.06% City A's regional share



### Determine share of regional credit:

0.06% City A's regional share

X

6,286 Regional credit [fixed]

---

4 Excess other vacancy credit

## Total Excess Vacancy Credit: City A

216 Excess effective vacancy credit

+

4 Excess "other" vacancy credit

---

220 Total excess vacancy credit

## Proposed Methodology: City A

520	Growth + vacancy need + replacement need
-	
220	Total excess vacancy credit
<hr/>	
300	City A Total Draft RHNA Allocation

## RHNA Household Allocation (Adjusted for Equity)

### Existing Conditions:

Household Income Level	City A	County Distribution
Very Low Income	30.1%	22.9%
Low Income	27.9%	16.8%
Moderate Income	23.5%	18.5%
Above Moderate Income	18.5%	41.8%

To mitigate the over-concentration of income groups each jurisdiction will move 110% towards county distribution in all four categories:

Household Income Level	City A Adjusted Allocation
Very Low Income	$30.1\% - [(30.1\% - 22.9\%) \times 110\%] = 22.2\%$
Low Income	$27.9\% - [(27.9\% - 16.8\%) \times 110\%] = 15.7\%$
Moderate Income	$23.5\% - [(23.5\% - 18.5\%) \times 110\%] = 17.9\%$
Above Moderate Income	$18.5\% - [(18.5\% - 41.8\%) \times 110\%] = 44.2\%$

# Final RHNA Allocation

Income Category	City A Adjusted Distribution	RHNA Allocation (units)
Very Low	22.2%	67
Low	15.7%	47
Moderate	17.9%	54
Above Moderate	44.2%	132
Total	100%	300

