

SOUTHERN CALIFORNIA



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GOVERNMENTS**

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## No. 3 MEETING OF THE

# REGIONAL HOUSING NEEDS ASSESSMENT & HOUSING ELEMENT REFORM SUBCOMMITTEE

***Thursday, March 13, 2014  
1:00 p.m. – 4:00 p.m.***

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

### Teleconference Sites

**Department of Housing and Community Development  
2020 W. El Camino Avenue, Suite 500  
Sacramento, CA 95833**

**2221 Rim Road  
Duarte, CA 91008**

### Videoconference Sites

**Imperial County Regional Office  
1405 North Imperial Avenue, Suite 1  
El Centro, CA 92243**

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

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

**City of Palmdale  
38250 Sierra Hwy.  
Palmdale, CA 93550**



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**Riverside County Regional Office**  
3403 10<sup>th</sup> Street, Suite 805  
Riverside, CA 92501

**San Bernardino Regional Office**  
1170 W. 3<sup>rd</sup> Street, Suite 140  
San Bernardino, CA 92410

**Ventura County Regional Office**  
950 County Square Drive, Suite 101  
Ventura, CA 93003

**South Bay Cities COG, Environmental Services Center**  
20285 S. Western Avenue, Suite 100  
Torrance, CA 90501

**Coachella Valley Association of Governments**  
73-710 Fred Waring Drive, Suite 200  
Palm Desert, CA 92260

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Ma'Ayn Johnson at (213) 236-1975 or via email [johnson@scag.ca.gov](mailto:johnson@scag.ca.gov). In addition, the RHNA and Housing Element Reform Subcommittee meeting may be viewed live or on-demand at <http://www.scag.ca.gov/NewsAndMedia/Pages/SCAGTV.aspx>.

Agenda and Minutes for the Regional Housing Needs Assessment & Element Reform Subcommittee are also available at: <http://www.scag.ca.gov/committees/Pages/default.aspx>

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**Regional Housing Needs Assessment and  
Housing Element Reform Subcommittee  
Member List**

- San Bernardino County: Hon. Bill Jahn, Big Bear Lake, District 11 (Alternate), **Chair**  
Hon. Larry McCallon, Highland, District 7 (Primary)
- Los Angeles County: Hon. Margaret Finlay, Duarte, District 35 (Primary)  
Hon. Steven Hofbauer, Palmdale, District 43 (Alternate)
- Orange County: Hon. Ron Garcia, Brea, OCCOG (Primary)  
Hon. Kathryn McCullough, Lake Forest, OCCOG (Alternate)
- Riverside County: Hon. Randon Lane, Murrieta, WRCOG (Primary)  
Hon. Debbie Franklin, Banning, WRCOG (Alternate)
- Ventura County: Hon. Carl Morehouse, San Buenaventura, District 47 (Primary)  
Hon. Linda Parks, County of Ventura, (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 &  
Housing Element Reform Subcommittee  
Teleconference Information  
Pursuant to Government Code Section 54953**

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**Dial: 1-888-278-0296**

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**Teleconference Location:**

Department of Housing and  
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2020 W. El Camino Av.,  
Suite 500  
Sacramento, CA 95833

2221 Rim Road  
Duarte, CA 91008

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**REGIONAL HOUSING NEEDS ASSESSMENT AND  
HOUSING ELEMENT REFORM  
SUBCOMMITTEE  
AGENDA  
MARCH 13, 2014**

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*The Regional Housing Needs Assessment and Housing Element Reform Subcommittee can 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 Regional Housing Needs Assessment and Housing Element Reform Subcommittee, 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.

**REVIEW AND PRIORITIZE AGENDA ITEMS**

**CONSENT CALENDAR**

**Time      Page No.**

**Receive and File**

- |  |                   |          |
|--|-------------------|----------|
| 1. <u>Minutes of the January 23, 2014 RHNA and Housing Element Reform Subcommittee Meeting</u> | <b>Attachment</b> | <b>1</b> |
| 2. <u>RHNA and Housing Element Reform Topic Outlook/Matrix</u>                                 | <b>Attachment</b> | <b>5</b> |

**INFORMATION ITEMS**

- |   |                   |                |           |
|---|-------------------|----------------|-----------|
| 3. <u>RHNA and Housing Element Reform Status Update from the California Department of Housing and Community Development (HCD)</u><br><i>(Huasha Liu, Director of Land Use &amp; Environmental Planning; Glen Campora, Assistant Deputy Director, HCD)</i> | <b>Attachment</b> | <b>30 min.</b> | <b>21</b> |
|---|-------------------|----------------|-----------|

**ACTION ITEMS**

- |  |                   |                |           |
|--|-------------------|----------------|-----------|
| 4. <u>Issues and Recommendations Relating to RHNA and Housing Element Reform</u><br><i>(Huasha Liu, Director of Land Use &amp; Environmental Planning)</i> | <b>Attachment</b> | <b>50 min.</b> | <b>23</b> |
|--|-------------------|----------------|-----------|

**Recommended Action:** Review and recommend actions regarding RHNA and housing element reform.

**REGIONAL HOUSING NEEDS ASSESSMENT AND  
HOUSING ELEMENT REFORM  
SUBCOMMITTEE  
AGENDA  
MARCH 13, 2014**

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**CHAIR'S REPORT**

*(Hon. Bill Jahn, Chair)*

**STAFF REPORT**

*(Ma'Ayn Johnson, SCAG Staff)*

**ANNOUNCEMENTS**

**ADDITIONAL PUBLIC COMMENT PERIOD**

**ADJOURNMENT**

*The next regular meeting of the Regional Housing Needs Assessment and Housing Element Reform Subcommittee will be determined at the March 13, 2014 meeting.*



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REGIONAL HOUSING NEEDS ASSESSMENT AND HOUSING ELEMENT REFORM  
SUBCOMMITTEE, MEETING NO. 2  
OF THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS  
THURSDAY, JANUARY 23, 2014

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*MINUTES*

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**THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS TAKEN BY THE REGIONAL HOUSING NEEDS ASSESSMENT AND HOUSING ELEMENT REFORM SUBCOMMITTEE. A DIGITAL RECORDING OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG'S OFFICE.**

A meeting of the Regional Housing Needs Assessment & Housing Element Reform Subcommittee was held at SCAG's office in downtown Los Angeles. The meeting was called to order by the Hon. Bill Jahn, Chair. There was quorum.

**Members Present:**

Hon. Bill Jahn (Chair)	San Bernardino County, Big Bear Lake, District 11 (Alternate)
Hon. Margaret Finlay	Los Angeles County, Duarte, District 35 (Primary)
Hon. Ron Garcia	Orange County, Brea, OCCOG (Primary)
Hon. Debbie Franklin	Riverside County, Banning, WRCOG (Alternate)
Hon. Larry McCallon	San Bernardino County, Highland, District 7 (Primary)
Hon. Carl Morehouse	Ventura County, San Buenaventura, District 47 (Primary)
Hon. Cheryl Viegas-Walker	Imperial County, El Centro, District 1 (Primary)
Hon. Kathryn McCullough	Orange County, Lake Forest, OCCOG (Alternate)

**Members Not Present:**

Hon. Steven Hofbauer	Palmdale, District 43 (Alternate)
Hon. Linda Parks	Ventura County, County of Ventura (Alternate)
Hon. Randon Lane	Riverside County, Murrieta, WRCOG (Primary)
Hon. Jack Terrazas	Imperial County (Alternate)

**CALL TO ORDER**

Hon. Bill Jahn, Chair, called the meeting to order at 1:04 p.m. Hon. Carl Morehouse, Ventura County, led the RHNA and Housing Element Reform Subcommittee in the Pledge of Allegiance. SCAG staff noted that a quorum was present as there were Subcommittee members from all six counties of the SCAG region.

**PUBLIC COMMENT PERIOD** - None

## **CONSENT CALENDAR**

### **Receive and File**

1. Minutes of the October 23, 2013 RHNA and Housing Element Reform Subcommittee Meeting  
Hon. Ron Garcia noted that the Hon. Kathryn McCullough's attendance at the October 23, 2013 Subcommittee meeting was not reflected in the meeting minutes.

A MOTION was made (Finlay) and SECONDED (Morehouse) to approve the Consent Calendar with correction to the minutes to reflect Hon. Kathryn McCullough was present at the October 23, 2013 Subcommittee meeting. Staff reminded the Subcommittee that voting is one vote per county. The motion was passed by the following vote:

AYES: Finlay, Garcia, Franklin, McCallon, Morehouse, Viegas-Walker

NOES: None

ABSTAIN: None

### **INFORMATION ITEMS**

2. Updated Regional Housing Needs Assessment (RHNA) and Housing Element Reform Subcommittee Topic Outlook

Ma'Ayn Johnson, SCAG staff, stated that based on the input under direction from the Subcommittee at the October 23, 2013, staff collected input and comments suggested for discussion by the Subcommittee. Staff either added the input and comments to the matrix or consolidated them with other comments. Staff will go into more detail on the topics at future corresponding subcommittee meetings as reflected in the agenda Topic Outlook.

3. RHNA and Housing Element Reform Status Update from the Department of Housing and Community Development (HCD)

Glen Campora, Assistant Deputy Director HCD, provided HCD's status update of topics potentially involving the Department for further discussion and action. The topics Mr. Campora discussed were outlined in his memorandum to the Subcommittee and covered default densities (Matrix item B1), HCD housing element streamline review (B2), RHNA Tribal population adjustment (B3), the 3% threshold requirement for regional determinations (B4), RHNA appeal process and change of circumstance (B6), zoning implementation timeframes (B8), RHNA credit for mixed-use development (B10), and transitional housing requirements (B11).

## **ACTION ITEMS**

### **4. Issues and Recommendations Relating to RHNA and Housing Element Reform**

Huasha Liu, SCAG, stated that there five (5) that items on which staff is recommending Subcommittee action. Items 1-3 relate to SCAG's internal processes, specifically how staff would conduct RHNA Subcommittee activities during the 6<sup>th</sup> cycle in regard to use of communication technology, meeting notification, and delegation. Items 4 and 5 relate to staff's position requesting HCD to exclude projected growth on Tribal land from RHNA and subsequent housing elements, and clarify the language in current statute on the allowable 3% margin between Council of Government and Department of Finance population projections.

Hon. Larry McCallon, San Bernardino, stated that with Item 2, the point of contact would have to be the same contact designated for the 2016 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) process to avoid discussion with two separate individuals. Hon. Debbie Franklin, Riverside, suggested that there also be a process for SCAG to receive confirmation that the staff contact is still there.

A MOTION was made (Finlay) and seconded (Franklin) to approve staff's recommendations as amended by the discussion of the Subcommittee. This includes recommending that meetings related to the 6<sup>th</sup> cycle RHNA use webcasting technology similar to that used for Regional Council meetings (item 1), and designating a point of contact who is the same designated point of contact for the 2016 RTP/SCS process (item 2). As part of the Motion, the Subcommittee also directed staff to educate jurisdictions on the difference between revision requests and appeals (item 6). A roll call vote was taken per county and the motion was UNANIMOUSLY APPROVED as follows:

AYES: Finlay, Garcia, Franklin, McCallon, Morehouse, Viegas-Walker  
NOES: None  
ABSTAIN: None

## **CHAIR'S REPORT**

No report.

## **ADJOURNMENT**

The meeting adjourned at 4:06 p.m. The next meeting of the RHNA & Housing Element Reform Subcommittee will be held on March 13, 2014. The meeting will be held at the SCAG Los Angeles office.



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Huasha Liu  
Director, Land Use and Environmental Planning

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## **RHNA and Housing Element Reform Topic Outlook**

### **Meeting 1 (Date: October 23, 2013):** Charter and Outlook

- Subcommittee charter
- Topic outlook

### **Meeting 2 (Date: January 23, 2013):** SCAG-related administrative issues pertaining to the RHNA process; RHNA regional determination process

- Teleconferencing (A5)
- Communication with planning directors (A10)
- Funding for RHNA delegation (A3)
- Growth on Tribal lands (B3)
- Margin between SCAG and Department of Finance projections (B4)

### **Meeting 3 (Date: March 13, 2014):** RHNA allocation development for local jurisdictions.

- Preliminary draft of RHNA allocation (A7)
- Local input on growth forecast (A1, A8, B9)
- Facilitation of trade and transfers (A2)
- Consideration of general plan development and implementation (B5)
- RHNA Methodology Issues (A11, A12, C8)

### **Meeting 4 (Proposed Date: May 2014):** Revision request and appeals processes

- Neutral third party hearing board (A4)
- Sample template of appeals (A9)
- Posting to SCAG staff responses to filed revision requests and appeals (A6)
- Revision request and appeals processes timeline (C1)
- Definition of change in circumstances (B6)

### **Meeting 5 (Proposed Date: July 2014):** Housing element development and review; Funding and incentives

- Smaller city exceptions (C4)
- Credit for inclusionary zoning (B9)
- Default density ranges and mixed use designations (B1, B10, C5)
- Transitional and Supportive Housing Requirements (B11)
- Existing housing needs statistics preparation, usage, and review (B2)
- Housing element preparation and implementation timeline (B8, C2)
- Housing element compatibility with community design (C6)
- Funding for RHNA and housing element preparation (B7)
- Incentives for housing element compliance and affordable housing building activity (D1, D2)
- CEQA exemptions for housing elements (C7)

**Meeting 6 (Proposed Date: August 2014):** Summary of discussion and approval of recommended action(s) to be presented to CEHD, Regional Council, and LCMC, as appropriate.

**Regional Housing Needs Assessment (RHNA) and Housing Element Reform Topic Outlook Matrix**

The following identifies matters that were raised as part of the 5<sup>th</sup> cycle RHNA process, including suggested ideas for potential RHNA or Housing Element reform and SCAG staff’s initial response and/or recommendation with respect to the specific matter. The matrix is separated into three categories: (A) topics that involve a possible “SCAG process refinement”; (B) topics that involve possible “HCD Administrative changes” and (C) topics that involve possible “Legislative changes.” A final category, section D, has been added to identify topics related to RHNA and housing element reform but involve programs and policies outside of state housing law. Some of the recommendations noted below will require further action beyond the SCAG Regional Council, including discussion and possible action by other stakeholders, such as the State Department of Housing and Community Development (HCD), other Council of Governments (COGs), housing advocates, and the California League of Cities, as appropriate. SCAG appreciates that HCD is committed to working with SCAG to maximize opportunities for RHNA and housing element administrative changes, and we look forward to the continuing collaboration with HCD staff.

SCAG staff has prepared this topic matrix to provide a concise summary as a starting point for more detailed discussions (topics not listed in priority order).

**A) SCAG Process Refinement**

The following are topics that may involve possible changes to the current SCAG RHNA process. It should also be noted that many of these topics are best addressed as part of the 6<sup>th</sup> cycle RHNA process though SCAG staff recognizes the importance of identifying these issues at this time.

Item No.	RHNA or Housing Element Topic	Suggested Reform (by Third Party or SCAG staff)	Existing Policy/Procedure	Initial Staff Response/Recommendation
A1	RHNA	Procedures to develop overarching principles regarding the local input process should be established. Some suggested reforms include a formula or method to manage local input. The process should be simplified as well. (SCAG Staff; Ojai; Sierra Madre; Calabasas, Oxnard; County of Ventura)	During the 5 <sup>th</sup> RHNA cycle, local input was accepted by SCAG and used as the basis to develop projected household growth.	Develop a procedure to establish overarching principles and guidelines on how to incorporate local input in the RHNA allocation methodology. The exact principles and guidelines, for example, how to incorporate local input and AB 2158 factors (including, but not limited to jobs-housing balance, proximity to transit, and open space), should be discussed during the 6 <sup>th</sup> cycle RHNA process by the appointed RHNA Subcommittee. Recommend to be revisited and implemented before 6 <sup>th</sup> cycle RHNA process beginning in 2018. For continual education for the Regional Council, SCAG will provide regular updates on the RHNA process in between cycles.
A2	RHNA	SCAG should encourage and facilitate “appropriate” trade and transfer. Make facilitation services available to jurisdictions that elect to conduct a Trade and Transfer process and provide a sample agreement template. (County of Ventura; Brea)	“Trade and transfer” is allowed by state housing law and SCAG has developed appropriate guidelines (see Trade and Transfer Guidelines).	SCAG staff will engage the Subcommittee on further discussion of this process and will continue to encourage and facilitate the trade and transfer process. SCAG staff is also open to development a sample agreement template for the 6 <sup>th</sup> cycle RHNA process.
A3	RHNA	Identify adequate funding sources for counties to distribute RHNA numbers internally rather than rely on SCAG to conduct that process. (County of Ventura)	Funding sources were available during the RHNA process from the SCAG General Fund to jurisdictions choosing to accept RHNA delegation.	Based on available resources and policy discussions of the Subcommittee and Regional Council, SCAG will continue to make funding available for jurisdictions that accept RHNA delegation.
A4	RHNA	A neutral third party should hear RHNA revision request and appeals. (Ojai; Calabasas)	Revision requests and appeals were reviewed and decided by the RHNA Subcommittee/RHNA Appeals Board,	The pros and cons with each approach will be described in a staff report to the Subcommittee for discussion. Recommend to be revisited and



			which was comprised of SCAG Regional Council and Policy Committee members.	implemented during 6 <sup>th</sup> cycle RHNA process beginning in 2018.
A5	RHNA	Utilize teleconference technology to allow for participation from all counties in SCAG to allow for participation of non-Subcommittee members. (County of Ventura)	The RHNA Subcommittee/Appeals Board charter did not make teleconferencing available to the general public for meetings. Videoconferencing was available for most meetings.	There are pros and cons with each approach as well as Brown Act and technology limitations and costs, and will be described in a staff report to the Subcommittee. Recommend to be revisited and implemented during 6 <sup>th</sup> cycle RHNA process beginning in 2018.
A6	RHNA	Distribute staff responses to a revision request or appeal at least one week prior to the hearing so that adequate time is available to review staff comments. (County of Ventura)	Staff responses to revision requests and appeals were provided prior to the public hearings pursuant to Brown Act (i.e., at least 72 hours prior to hearing).	Staff will continue to meet the legal requirements for public review and will also provide as much additional time as possible accounting for number of responses and staff resources. This applies to both the revision request and appeals processes.
A7	RHNA	Identify a preliminary draft RHNA distribution earlier in the process, and provide a formal comment and response system to ensure potential issues with a proposed RHNA distribution are identified and resolved early in the process. (County of Ventura)	The opportunity to provide input to the growth projections was made available to all jurisdictions prior to the distribution of the Draft RHNA. Comments provided to staff were responded to and logged in an internal system.	SCAG staff has provided such preliminary information timely to all jurisdictions in the SCAG region. SCAG will continue to do so for the 6 <sup>th</sup> cycle RHNA process and encourages the participation of all jurisdictions.
A8	RHNA	Prior to the next RHNA process, assign technical staff to work with local jurisdictions to develop accurate land use data maps and forecasting models. When necessary, arrange a meeting between local agencies and SCAG managers to resolve issues. (County of Ventura)	SCAG forecast and data staff surveyed local input from all jurisdictions and met with individual jurisdictions on projected household growth and to gather information on local land use. SCAG staff conducted further outreach to jurisdictions that did not provide an initial response to surveys. The iterative process was conducted over the course of two years.	SCAG staff conducted extensive outreach with all jurisdictions and met with them to survey for local input not only for the purpose of development accurate land use maps but also to resolve potential challenges. SCAG will continue to do so for the 6 <sup>th</sup> cycle RHNA process and encourages the participation of all jurisdictions.

Item No.	RHNA or Housing Element Topic	Suggested Reform (by Third Party or SCAG staff)	Existing Policy/Procedure	Initial Staff Response/Recommendation
A9	RHNA	Provide a template for submittals and/or examples of submittals that meet SCAG expectations. (County of Ventura)	Although general guidelines were available, specific templates or examples were not published for the revision request or appeals processes. An appeal application that resulted in a granted appeal was provided to a jurisdiction on request.	SCAG staff will provide a sample packet as a guideline for revisions requests and appeals and will provide examples of past applications that resulted in a granted appeal during the preparation of the 6 <sup>th</sup> cycle RHNA.
A10	RHNA	Direct communications to the Planning Department (or equivalent) or more specifically to the Planning Director or assigned point-of-contact for the RHNA process. (County of Ventura)	Public notices and other mass correspondence were provided via email or mail to Planning Directors, in addition to City Managers/County Administrators and other stakeholders.	SCAG has and will continue to address public notices and other mass correspondence via email or mail to Planning Directors, in addition to City Managers/County Administrators and other stakeholders.
A11	RHNA	Remove the “110% adjustment” component of the RHNA methodology, which will eventually result in a result in a realignment of affordable housing concentrations across the SCAG region and fails to comport with real estate market realities. (Calabasas)	Government Code Section 65584 (d)(4) states that the objectives of the RHNA is to allocate a lower proportion of housing need by income category to disproportionately affected communities, but does not specify a particular methodology to address the issue. The 110% adjustment toward the county distribution was adopted by the SCAG Regional Council as part of both the 4 <sup>th</sup> and 5 <sup>th</sup> cycle methodologies to address the state law requiring the allocation of a lower proportion of housing need by income category to disproportionately affected communities. For jurisdictions with a high concentration of low income households, a 110% adjustment toward the county distribution would result in a lower percentage of low income households compared to the county	Because the RHNA process allows for a COG to develop and adopt its own methodology to address disproportionately affected jurisdictions, staff recommends that this issue be revisited during the development of the 6 <sup>th</sup> RHNA cycle beginning in 2018. An overall approach should be folded into the future discussion of overarching principles for the 6 <sup>th</sup> cycle RHNA Plan. SCAG can survey adjustment methodologies from other COGs during the development of the 6 <sup>th</sup> RHNA cycle methodology to further inform the discussion.

			percentage. For jurisdictions with a low concentration of low income households, a 110% adjustment would result in a higher percentage of low income households compared to the county percentage.	
A12	RHNA	Ensure accuracy of the vacancy credit application. (Calabasas; Colton)	HCD granted a vacancy credit adjustment to its regional housing need determination to address the economic downturn. SCAG applied a vacancy credit to a number of jurisdictions based on its adopted 5 <sup>th</sup> cycle RHNA methodology and data from the 2010 U.S. Census.	SCAG staff recommends that this issue be revisited during the development of the 6 <sup>th</sup> RHNA cycle beginning in 2018 if the credit is granted by HCD again for the 6 <sup>th</sup> RHNA cycle. Any particular vacancy credit is dependent on market conditions at the time.

**B) HCD Administrative Changes**

The following are topics that may involve possible administrative changes by HCD and therefore, will require HCD’s approval for implementation. It is SCAG staff’s intent to coordinate and work with HCD staff on resolving these matters and have them participate in Subcommittee meetings when these topics are discussed. SCAG appreciates that HCD is committed to working with SCAG to maximize opportunities for RHNA and housing element administrative changes, and we look forward to continuing collaboration with HCD staff.

Item No.	RHNA or Housing Element Topic	Suggested Reform (by Third Party or SCAG staff)	Existing Policy/Procedure	Staff Proposal for Discussion with HCD
B1	Housing Element	There should be a range of default densities established for jurisdictions to determine appropriate densities for affordable housing units. Circumstances such as mixed use projects should be considered. (Ontario; Ojai; Brea)	A jurisdiction can choose to use a default density instead of preparing its own analysis to determine unit affordability. Most jurisdictions in the SCAG region have a default density of 30 units per acre. Jurisdictions with less than 25,000 population or defined as “suburban” in state housing law have a default density of 20 units per acre.	<p>SCAG staff recommends that HCD consider a range for default density rather than a single number, which will provide flexibility for local jurisdictions.</p> <p>Staff also recommends working with HCD to establish a separate default density range for mixed-use projects.</p> <p>HCD Response: HCD is generally supportive but clarified that jurisdictions are not required to use the default density in housing elements and can instead provide an analysis of affordability. Potential change regarding optional default density would require legislative change.</p>

Item No.	RHNA or Housing Element Topic	Suggested Reform (by Third Party or SCAG staff)	Existing Policy/Procedure	Staff Proposal for Discussion with HCD
B2	Housing Element	HCD should formalize the streamlining review policy that was applied during the 5 <sup>th</sup> cycle regarding existing housing needs data. The streamline review allowed for local jurisdictions to meet the existing housing needs data requirement in its housing element if they used data provided by the COG which was based on the existing housing needs data listing as described in state housing law and pre-approved by HCD. (SCAG staff)	As part of the streamlining review process for the 5 <sup>th</sup> housing element cycle, HCD pre-approved the use of SCAG’s existing housing need data set, which meets existing housing need data requirements in the preparation of local housing element updates. SCAG voluntarily made this data available on-line for local jurisdictions in a user friendly and interactive format.	<p>HCD should consider formalizing the streamlining review policy for existing housing needs data used in the 5<sup>th</sup> cycle that allowed COGs such as SCAG to develop pre-approved data sets for use by jurisdictions in developing their local housing element update.</p> <p>HCD response: HCD is in support of providing more efficient element update and review methods. Stakeholder input will be sought in formalizing policy. Housing advocates have expressed some concerns with streamline reviews and shorter timeframes to comment to jurisdiction and HCD. More time is needed for HCD and stakeholders to evaluate streamline results and jurisdiction element implementation and compliance issues. Some discussions may get underway around mid-2014.</p>
B3	RHNA	Projected growth from Tribal lands should be excluded from jurisdictional RHNA allocation. (Coachella Valley Association of Governments)	The 4 <sup>th</sup> RHNA cycle regional allocation included growth on Indian Tribal lands; the 5 <sup>th</sup> RHNA cycle regional allocation excluded growth on Tribal lands, per determination by HCD.	<p>Tribal lands are sovereign nations and jurisdictions do not have land use authority over Tribal lands. Accommodation or exclusion of future housing need generated by Tribal lands is not currently specified in state housing law and is subject to HCD determination. A formal HCD policy specifying exclusion of projected growth on Tribal Lands is recommended.</p> <p>HCD response: HCD agreed with the assessment that Tribal lands are sovereign nations and that jurisdictions do not have land use authority over those lands. HCD expressed general agreement with the staff recommendation..</p>

Item No.	RHNA or Housing Element Topic	Suggested Reform (by Third Party or SCAG staff)	Existing Policy/Procedure	Staff Proposal for Discussion with HCD
B4	RHNA	The 3% allowable difference between the DOF and COG population projection during the HCD and COG consultation process should be applied to the total population rather than the growth. (SCAG staff)	State housing law does not define whether the 3% allowable difference between the COG regional projection forecast and DOF projection applies to growth or total.	<p>SCAG staff continues to apply the 3% allowable difference to the total population rather than to the growth.</p> <p>HCD response: HCD agreed with SCAG staff assessment that a single threshold would be adequate and noted that a technical amendment could potentially be included in 2014 legislation.</p>
B5	RHNA	General Plan updates in progress should be considered during the local input process to SCAG as well as in the final RHNA determination. (Oxnard)	SCAG continued to accept local input from jurisdictions on projected household growth until the adoption of the final RHNA Methodology. The 5 <sup>th</sup> cycle RHNA Methodology was adopted 11 months prior to the adoption of the Final RHNA allocation Plan.	A jurisdiction can coordinate a general plan update with the local input process for developing the SCAG RHNA projections, but the RHNA process must have a determined cutoff date for local input in order to consistently apply the final RHNA Methodology to the draft RHNA allocation for all jurisdictions. SCAG staff will facilitate a discussion by the Subcommittee regarding the timeline for submission of local data.
B6	RHNA	The term “change in circumstance” should be defined so as to better understand this as a basis for an appeal to the draft RHNA allocation. (SCAG staff)	State housing law does not provide a definition of what situation or challenge would qualify as a “change in circumstance.”	<p>SCAG staff proposes that affected jurisdictions work with COGs in a bottom-up process to develop proposed examples of the term “change in circumstance” and engage HCD in providing a clear definition and examples of the term.</p> <p>HCD response: HCD expressed interest in working with COGs and local jurisdictions in developing a survey to develop examples on what would constitute a change in circumstance and how housing demand could potentially be impacted.</p>

Item No.	RHNA or Housing Element Topic	Suggested Reform (by Third Party or SCAG staff)	Existing Policy/Procedure	Staff Proposal for Discussion with HCD
B7	Housing Element	There should be state funding for the development of RHNA and housing elements since they are statewide mandates for jurisdictions. (Oxnard)	No specific state funding is available for jurisdictions to update local housing elements.	State law provides that SCAG can set fees for the development of the RHNA. SCAG charges its non-member jurisdictions to develop RHNA, but does not charge member jurisdictions given that SCAG's work on RHNA development is funded primarily through the SCAG General Fund which is comprised largely of SCAG member dues. For housing element related costs, SCAG recommends that direct funding to jurisdictions from the state be discussed by the Subcommittee.
B8	Housing Element	The housing element zoning implementation timeframe is unrealistic and there should be a hardship process for more time with demonstrated progress. (Oxnard)	Zoning changes corresponding to housing element updates must be completed in a specific time frame, (generally three years after a housing element is adopted).	Staff will relay individual concerns regarding the zoning implementation timeframe to HCD.  HCD response: Changes regarding zoning implementation timeframes and extensions cannot be addressed administratively and would require legislative change.
B9	RHNA/Housing Element	Reflect the percentage requirements within an inclusionary ordinance as a credit to reduce the RHNA allocation for a jurisdiction or count them as units satisfying the RHNA, whether or not the units are built. (Brea; County of Ventura)	Currently SCAG does not apply a RHNA allocation credit to jurisdictions with inclusionary zoning ordinances. Jurisdictions may apply inclusionary zoning ordinances towards their RHNA allocation in their respective housing element by either an analysis of appropriate zoning or a site analyses for pending, approved, permitted or constructed development.	Jurisdictions may currently apply inclusionary zoning ordinances toward satisfying their RHNA need once a project is approved, permitted, or constructed. In regard to a RHNA allocation credit, the allocation represents planning for future housing need while an inclusionary zoning ordinance is a requirement on the construction of housing units. Applying the credit during the development of the RHNA allocation places a high level of uncertainty since the application of inclusionary zoning is linked to specified zoning, development, and construction.
B10	Housing Element	Parcels zoned as mixed-use should count toward accommodation of the RHNA allocation. (Calabasas)	Jurisdictions may count planned units designated in mixed-use areas toward their RHNA allocation provided that they provide an analysis of unit affordability for the appropriate income group.	SCAG will continue working with HCD to ensure that units designated in mixed-use areas can be counted in housing elements toward meeting a jurisdiction's RHNA allocation.

Item No.	RHNA or Housing Element Topic	Suggested Reform (by Third Party or SCAG staff)	Existing Policy/Procedure	Staff Proposal for Discussion with HCD
B11	Housing Element	<p>Currently during housing element review, transitional and supportive housing is treated as typical single-family or multi-family housing. Transitional and supportive housing should be treated under the same requirements as a residential care facility, group home, or boarding home, since transitional/supportive housing does not necessarily function in the same way as other traditional residential uses, for example when social services are being provided on-site(Consultant)</p>	<p>Government Code Section 65583(a)(5) requires that housing elements demonstrate that transitional housing and supportive housing are considered a residential use and subject to only those restrictions that apply to other residential dwellings of the same type in the same zone.</p>	<p>Transitional and supportive housing provide social and other services, often in institutional settings, similar to residential care facilities or boarding homes. Because they function differently from typical single- or multi-family housing units and often provide on-site social services, there may be justification for subjecting them to different requirements. SCAG staff will raise this topic with HCD.</p>



**C) Legislative Changes**

The following are topics that may involve possible legislative proposals which, by their nature, will require input from various parties beyond HCD. Stakeholders include SCAG’s Legislative, Communications and Membership Committee (LCMC), HCD and other interested parties such as the League of California Cities, housing advocates, and other COGs/MPOs, as appropriate. Legislative changes require LCMC review before Regional Council action and require legislation sponsorship. It is SCAG staff’s intent to coordinate and work with HCD staff on resolving the following topics and have them participate in Subcommittee meetings when these matters are discussed. SCAG appreciates that HCD is committed to working with SCAG to maximize opportunities for RHNA and housing element administrative changes, and we look forward to the continuing collaboration with HCD staff in this regard. Legislative changes are the last resort if the identified challenges cannot be addressed through HCD administrative changes.

Item No.	RHNA or Housing Element Topic	Suggested Reform (by Third Party or SCAG staff)	Existing Policy/Procedure	Initial Staff Response/Recommendation
C1	RHNA	Consolidate the revision and appeal processes into one process. (Association of California Cities – Orange County)	The revision and appeal process timelines are described in state housing law as two separate processes.	Since the separate revision request and appeals processes allow a jurisdiction multiple avenues to request for a review of their respective draft RHNA allocation, it is likely in the best interests of local jurisdictions to keep as separate the revision request and appeals processes.
C2	Housing Element	The housing element development timeframe is unrealistic and there should be a hardship process for more time with demonstrated progress. (Oxnard; County of Riverside)	Housing element updates must be completed in a specific time frame, as outlined in state housing law (generally, 12 months after the COG’s adoption of the Final RHNA plan).	Regarding the housing element update timeframe, with the most recent streamlined review process made available by HCD, SCAG staff believes that the 12 month housing element update timeframe is workable.
C4	Housing Element	Cities with less than 25,000 should have more flexibility for the application of default densities in their housing elements than larger cities. (Ojai)	Cities with a population of less than 25,000 have lower default densities than larger cities. Most jurisdictions in the SCAG region have a default density of 30 units per acre. Jurisdictions with less than 25,000 population or defined as “suburban” in state housing law have a default density of 20 units per acre.	SCAG staff will facilitate a discussion with HCD to allow for a default density range when determining appropriate densities for accommodating low and very low income households. In addition, staff will seek for clarification regarding AB 745, which would allow local jurisdictions to request that council of governments adjust the default densities under state law if they are not consistent with local jurisdiction’s existing density.

Item No.	RHNA or Housing Element Topic	Suggested Reform (by Third Party or SCAG staff)	Existing Policy/Procedure	Initial Staff Response/Recommendation
C5	Housing Element	Allow cities with a population of under 100,000 within the Counties of San Bernardino and Riverside to be considered “suburban” for purposes of default density. (Colton)	Cities with a population of less than 25,000 have lower default densities than larger cities. Most jurisdictions in the SCAG region have a default density of 30 units per acre. Jurisdictions with less than 25,000 population or defined as “suburban” in state housing law have a default density of 20 units per acre.	SCAG staff will facilitate a discussion with HCD for potential legislative change to specify a default density range when determining appropriate densities for accommodating low and very low income households.
C6	Housing Element	When reviewing the housing element of smaller jurisdictions, HCD should consider compatibility of the proposed zoning and planning with community design regarding building height, view protection, and development density unique to smaller jurisdictions. Affordable overlays and inclusionary programs should be the preference of HCD. (Ojai; Oxnard)	State housing law does not take into account housing compatibility in a housing element with community design regarding building height, view protection, and development intensity.	Legislative change would be necessary to specify a range of default densities for different types of uses and other considerations indicated in a housing element regarding compatibility with surrounding uses. A discussion could occur between HCD and the Subcommittee regarding community design in housing element review. HCD allows affordable housing overlays to be developed. State law requires analysis of all development standards for potential constraints to residential development regardless of density.

Item No.	RHNA or Housing Element Topic	Suggested Reform (by Third Party or SCAG staff)	Existing Policy/Procedure	Initial Staff Response/Recommendation
C7	Housing Element	California Environmental Quality Act (CEQA) exemptions should be granted for infill projects that are designated to meet housing need in the housing element (San Clemente).	State law requires that projects not categorically exempt from CEQA must go through the CEQA review process. However, Senate Bill (SB) 226 (signed by the Governor October 2011) and SB 743 (September 2013) provide opportunities for CEQA exemption and streamlining. The purpose of SB 226 is to streamline the environmental review process for eligible infill projects, and is implemented through State CEQA Guideline Section 15183.3 (Streamlining for Infill Projects). SB 743 provides opportunities for CEQA exemption and streamlining for projects meeting certain criteria relating to specific plans, infill and transit-oriented development. The State Office of Planning and Research (OPR) is currently working on implementation of SB 743.	<p>Local jurisdictions can currently avail themselves of CEQA streamlining provisions set forth through SB 226 (CEQA Guideline Section 15183.3). See <a href="http://opr.ca.gov/s_sb226.php">http://opr.ca.gov/s_sb226.php</a></p> <p>Implementation of SB 743 by the State OPR is expected in 2014. For more information, see <a href="http://www.opr.ca.gov/s_transitorienteddevelopmentsb743.php">http://www.opr.ca.gov/s_transitorienteddevelopmentsb743.php</a></p> <p>SCAG staff has provided information on CEQA streamlining to our policy committees (of which the RHNA subcommittee are also members) and stakeholders, and will continue to do so as additional information becomes available.</p> <p>SCAG staff suggests that this topic continue to be discussed with SCAG committees and subcommittees as part of on-going CEQA modernization efforts.</p>
C8	RHNA	Clarify state housing law to specifically address how housing needs should be allocated to jurisdictions with a disproportionately high share of households in the low income categories (Colton)	Government Code Section 65584 (d)(4) states that the objectives of the RHNA is to allocate a lower proportion of housing need by income category to disproportionately affected communities, but does not specify a particular methodology to address the issue. The RHNA process allows a COG such as SCAG to adopt its own methodology,	Because SCAG can develop its own methodology to address disproportionately affected jurisdictions, staff recommends that this issue be revisited during the development of the 6 <sup>th</sup> RHNA cycle in 2018. (See also Item No. A11).

			including how to address disproportionately affected communities. For the 5 <sup>th</sup> RHNA cycle, SCAG applied a “110% adjustment” to address this issue.	
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**Local Sustainable Development and Looking Ahead**

The following are topics that are related to RHNA and housing element reform but involve programs and policies outside of state housing law. These topics are included as part of the matrix so that they may be integrated into the overall discussion by the Subcommittee.

- Suggestions from the RHNA and Housing Element Reform Subcommittee
- Current SCAG Projects
  - Sustainability Grant Program/Call for Proposals
- CEQA Streamlining/SB226
- Legislation monitoring
  - CEQA Reform
- Grants
  - HCD NOFA notification
  - SCG

Item No.	RHNA or Housing Element Topic	Suggested Reform (by Third Party or SCAG staff)	Existing Policy/Procedure	Initial Staff Response/Recommendation
D1	Housing Element	Funding opportunities and other preferences should be available to jurisdictions with compliant housing elements. (Ojai)	Jurisdictions with compliant 4 <sup>th</sup> cycle housing elements have access to 5 <sup>th</sup> cycle streamlined review and are prioritized for various available grants and funding.	SCAG will coordinate with HCD in an effort to ensure that jurisdictions with compliant housing element will continue to receive streamlined review and funding opportunities as available.
D2	Housing Element	Provide funding opportunities for all new very low and low income units built with affordable housing covenants, similar to the Parks-related housing grants provided under Proposition 1A. (Brea)	HCD currently provides funding for parks-related programs to jurisdictions that build very low and income units. No grants are currently available relating to affordable housing covenants.	SCAG will encourage the State to develop and identify more funding opportunities for jurisdictions that build and preserve affordable housing.

# REPORT

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**DATE:** March 13, 2014

**TO:** RHNA and Housing Element Reform Subcommittee

**FROM:** Huasha Liu, Director, Land Use and Environmental Planning, 213-236-1838, liu@scag.ca.gov

**SUBJECT:** RHNA and Housing Element Reform Status Update from the California Department of Housing and Community Development (HCD)

## **EXECUTIVE DIRECTOR’S APPROVAL:**

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### **RECOMMENDED ACTION:**

For Information Only - No Action Required.

### ***EXECUTIVE SUMMARY:***

*Glen Campora, Assistant Deputy Director at the California Department of Housing and Community Development (HCD), will provide a status update on RHNA and housing element reform topics as discussed at the RHNA and Housing Element Reform Subcommittee (“Subcommittee”) meetings on October 23, 2013 and January 23, 2014. In particular, Mr. Campora will discuss HCD’s efforts since the last Subcommittee meeting to address the item relating to the margin between Council of Government (COG) and Department of Finance (DOF) population projections.*

### **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:**

At its first two meetings, held on October 23, 2013 and January 23, 2014, the Subcommittee reviewed a matrix of topics on RHNA and housing element reform. Glen Campora, Assistant Deputy Director at HCD, attended both meetings. At the first meeting, Mr. Campora provided overview positions on how HCD intends to help address some of the reform topics, while at the second meeting Mr. Campora provided a status update on the next steps by HCD to address these topics discussed during the October 23 meeting.

Today, Mr. Campora will provide a status update to the Subcommittee on RHNA Housing Element Reform Matrix Topic No. B4: Margin between COG and DOF projections. HCD has notified State legislative staff of the potential for this matter to be resolved by the inclusion in a forthcoming Omnibus Bill during the current legislative session. Next steps involve HCD briefing other stakeholders and then discussing with the State legislative staff proposed amendment language to the applicable housing law. Opportunities for Omnibus Bill legislative amendments are available until June 2014.

Mr. Campora’s participation at today’s meeting will also allow for continued engagement between SCAG and HCD regarding the other matrix topics as appropriate.

### **FISCAL IMPACT:**

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Expenditures related to staff and legal support for the RHNA and Housing Element Reform Subcommittee along with additional related direct costs (i.e., stipends, meals, mileage and parking) is included in the FY 13-14 General Fund Budget.

**ATTACHMENTS:**

None

# REPORT

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**DATE:** March 13, 2014

**TO:** RHNA and Housing Element Reform Subcommittee

**FROM:** Huasha Liu, Director, Land Use and Environmental Planning, 213-236-1838, liu@scag.ca.gov

**SUBJECT:** Issues and Recommendations Relating to RHNA and Housing Element Reform

## **EXECUTIVE DIRECTOR'S APPROVAL:**

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### **RECOMMENDED ACTION:**

Review and recommend the following actions regarding RHNA and housing element reform for further review and approval by the Community, Economic and Human Development (CEHD) Committee:

1. Regarding RHNA and Housing Element Matrix Item A7, SCAG staff will continue to follow the communication protocols established in the current local review and input process and work with the RHNA Subcommittee, CEHD Committee, and Regional Council to facilitate full participation in the process.
2. a. Regarding RHNA and Housing Element Matrix Item A1, SCAG staff recommends that the Subcommittee decide whether establishing overarching principles during the 6<sup>th</sup> RHNA cycle is necessary. If determined necessary, the overarching principles will be discussed during the 6<sup>th</sup> RHNA cycle update process beginning in 2018.  
b. Regarding RHNA and Housing Element Matrix Item A8, continue to conduct extensive outreach with all the jurisdictions and meet with them to solicit their input and review and ensure the accuracy of land use maps and resolving potential discrepancies.  
c. Regarding RHNA and Housing Element Matrix Item B9, facilitate discussions as necessary with the California Department of Housing and Community Development (HCD) to ensure that inclusionary zoning ordinances can continue to be accounted for in local housing elements to meet assigned RHNA allocation.
3. Regarding RHNA and Housing Element Matrix Item A2, SCAG staff should continue to encourage and facilitate the trade and transfer process and develop a sample agreement template during the 6<sup>th</sup> cycle RHNA. Language for the trade and transfer policy will be revisited to ensure flexibility for interested parties and to continue consistency with State housing law objectives and laws.
4. Regarding RHNA and Housing Element Matrix Item B5, ensure that jurisdictions are aware of data submission timelines during the development of the 6<sup>th</sup> cycle RHNA so that circumstances such as General Plan updates are incorporated into local input as needed.
5. a. Regarding RHNA and Housing Element Matrix Item A11 and C8, review different formulas and factors to determine the appropriate methodology to address the projected distribution of very low and low income housing for overburdened communities during the development of the 6<sup>th</sup> cycle RHNA, beginning in 2018.  
b. Regarding RHNA and Housing Element Matrix Item A12, staff recommends that this matter be addressed during the 6<sup>th</sup> cycle RHNA update, beginning in 2018.

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Note, all recommendations will be presented in a final report to the CEHD Committee after the conclusion of the Subcommittee's work (anticipated to be summer 2014).

## **EXECUTIVE SUMMARY:**

*During the 5<sup>th</sup> cycle RHNA process, RHNA stakeholders raised a number of concerns pertaining to the RHNA process. These concerns included early review of a preliminary draft RHNA allocation, use of local input on the growth forecast, facilitation of trade and transfers, consideration of General Plan development and implementation, and the RHNA methodology.*

## **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:**

At its first and second meetings, held on October 23, 2013, and January 23, 2014, respectively, the RHNA and Housing Element Reform Subcommittee ("Subcommittee") reviewed a matrix of topics for discussion and possible action for RHNA and housing element reform. The purpose of the Subcommittee is to discuss concerns raised during the 5<sup>th</sup> RHNA cycle process and provide guidance to SCAG staff on these issues. The concerns were raised by a variety of stakeholders, including Subcommittee members, jurisdictions, other interested groups, as well as some items identified by SCAG staff.

To allow for focused discussions and meeting efficiency, the Subcommittee approved its meeting schedule by topic area. The focus of the third meeting of the Subcommittee is on the following topics pertaining to the RHNA process.

1. Preliminary draft of RHNA allocation (Matrix Item A7);
2. Local input on growth forecast (A1, A8, B9);
3. Facilitation of trade and transfers (A2);
4. Consideration of General Plan development and implementation (B5); and
5. RHNA methodology issues (A11, A12, C8).

### **(1) Preliminary Draft of RHNA Allocation**

#### *RHNA and Housing Element Reform Matrix Item A7*

It has been suggested that SCAG identify a preliminary draft RHNA distribution earlier in the process, and provide a formal comment and response system to ensure potential issues with a proposed RHNA distribution are identified and resolved early in the process.

#### Background:

SCAG projected household growth that was reviewed and revised through local input process served as the basis for the housing needs, which is generally the largest component of a jurisdiction's RHNA allocation. Local input and review process of SCAG projected growth of population, household, and employment were conducted between 2009 and 2011 and included correspondence by telephone, e-mail, and in-person meetings between SCAG and jurisdictional planning staff. The preliminary results of this extensive local input and review process were distributed to SCAG subregions in May 2011 so that jurisdictions could



collectively review submitted data that would ultimately be used as the basis of the 2012 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) and 5<sup>th</sup> cycle RHNA. While it would have been premature to designate it as a RHNA allocation, the household growth distribution provided a preliminary assessment of housing needs in the region, without further adjustments of replacement needs, vacancy needs and other credits. SCAG staff encouraged feedback from jurisdictions to ensure that the projected household growth reflected local input received through the bottom-up review process.

Additionally, prior to the formal distribution of the draft RHNA allocation in February 2012, SCAG staff published a preliminary assessment of household allocation, replacement needs, vacancy needs and vacancy credit adjustments in December 2011 to allow jurisdictions to preview their upcoming draft RHNA allocation. While a timeline has not been formally established yet for the 6<sup>th</sup> RHNA cycle, which is anticipated for adoption in October 2020, SCAG staff will continue to distribute preliminary growth forecast and implied RHNA assessment with preliminary household growth, replacement and vacancy needs and their adjustments, if any, prior to the distribution of draft RHNA methodology and allocations for the 6<sup>th</sup> cycle RHNA process and facilitate the participation of all jurisdictions.

**Recommendation:**

Regarding RHNA and Housing Element Matrix Item A7, SCAG staff will continue to follow the comprehensive communication protocols established in the current local review and input process and work with the RHNA Subcommittee, CEHD Committee, and Regional Council to facilitate full participation in the process.

**(2) Local Input on Growth Forecast**

*RHNA and Housing Element Reform Matrix Items A1, A8, B9*

A1: It has been suggested that procedures to develop overarching principles regarding the local input process should be established.

A8: Prior to the next RHNA process SCAG should assign technical staff to work with local jurisdictions to develop accurate land use data maps and forecasting models. When necessary, a meeting should be arranged between local agencies and SCAG managers to resolve issues.

B9: SCAG should reflect the percentage requirements within an inclusionary zoning ordinance as a credit to reduce the RHNA allocation for a jurisdiction or count them as units satisfying the RHNA, whether or not the units are built.

**Background:**

**Local input process (A1)**

Future household growth is the largest component of a jurisdiction’s RHNA allocation. For the 5<sup>th</sup> cycle RHNA, SCAG finalized projected household growth based on assessment of local review and input received through the 2012 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) Integrated Growth Forecast process. Conducted between 2009 and 2011, the local review and input process involved many one-to-one follow up meetings with all jurisdictions were a “bottom-up” approach that requested evaluation of SCAG projected population, household, and employment growth from local jurisdictions. In April 2012, SCAG Regional Council adopted the integrated growth forecasts of population,

household, and employment for the 2012-2035 RTP/SCS based on results from local review and input process.

Concern was raised by some jurisdictions during and after the 5<sup>th</sup> cycle RHNA regarding the use of local input. Some jurisdictions indicated that local opportunities and constraints, such as open space, jobs-housing balance, high land costs, and proximity to transit should affect the RHNA allocation assigned to them. Some had concern that local input from other jurisdictions were “too low” and that SCAG should have a formula or a mechanism to ensure consistency with their own RHNA allocation.

In regards to local opportunities and constraints, Government Code Section 65584.04 requires that a council of governments (COG) such as SCAG to develop a methodology to distribute the existing and projected regional housing need within the region. A COG is required to survey its jurisdictions on information regarding opportunities and constraints that will allow the development of a RHNA methodology. Planning factors identified in the aforementioned Government Code include water and sewer capacity, jobs-housing balance, open space and agricultural land, and any other factor adopted by the COG. During the revision request and appeals process in the spring and summer of 2012, some jurisdictions argued that specific planning factors would affect their projected housing growth and that their draft RHNA allocation should be reduced. While SCAG surveyed its jurisdictions on local planning factors, SCAG staff recommendations generally indicated that these factors were already considered by the jurisdiction in its local review and input provided to SCAG during the RTP/SCS Integrated Growth Forecast process. In most cases, the RHNA Appeals Board, which served as the hearing and decision-making body for revision requests and appeals, agreed with the staff recommendations.

In regards to potential local input inconsistency, a formula or mechanism to ensure consistency would be needed. This would require SCAG to develop a standard for consistent input, identify the inconsistent input, and develop a specific methodology to normalize it. While this is certainly within the purview of a COG’s RHNA methodology, it would require SCAG to scrutinize all local input submissions against an adopted standard and would give SCAG the authority to change local input. Overarching principles of how to utilize local input and planning factors must be decided prior to the development of a RHNA methodology, which would be adopted no later than 2019 for the 6<sup>th</sup> cycle based on an anticipated RHNA allocation adoption date of 2020. Thus, SCAG staff recommends that the current Subcommittee decide whether establishing overarching principles during the 6<sup>th</sup> RHNA cycle is necessary.

### Development of Maps and Models (A8)

Between 2009 and 2011, SCAG forecast and data staff conducted the bottom-up local review and input process across whole region and met with individual jurisdictions on projected population, household and employment growth and to gather information on local General Plan, zoning, and land use. While initial contact was usually with a Planning Department head, correspondence and meetings were also conducted with the jurisdiction’s technical staff. For jurisdictions that did not provide initial response or participate in the local review and input process, SCAG staff conducted further outreach to those jurisdictions. The purpose of the review and input process was not only for developing accurate land use maps but also to resolve potential discrepancies. The collected information was assessed and incorporated into the development of the Integrated Growth Forecast, which was used as the basis for the 2012 RTP/SCS and the 5<sup>th</sup> cycle RHNA. SCAG staff is already conducting one-to-one meetings with local jurisdictions for the development of 2016 RTP/SCS and for the 6<sup>th</sup> RHNA cycle will continue to follow the protocols established in the current local input and review process, along with working with the RHNA Subcommittee, CEHD Committee, and Regional Council to facilitate full participation in the process. Per the direction of the

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RHNA and Housing Element Reform Subcommittee at the January 23, 2014 meeting, SCAG staff will also work with the jurisdiction-designated contact in developing local input and encourage jurisdictions to alert SCAG staff when there is a change to the designated contact.

## Inclusionary zoning (B9)

Inclusionary zoning ordinances are local zoning ordinances adopted by cities or counties requiring that a given share of new construction to be affordable units. Jurisdictions may apply inclusionary zoning ordinances towards their RHNA allocation in their respective housing element by either an analysis of appropriate zoning or a site analyses for pending, approved, permitted, or constructed development. Thus, SCAG does not apply a RHNA allocation credit to jurisdictions with inclusionary zoning ordinances, and such practice is not recommended. The RHNA allocation represents planning for future housing need while an inclusionary zoning ordinance is a requirement on the construction of housing units. Applying credit during the development of the RHNA allocation would introduce a high level of uncertainty since the application of inclusionary zoning is linked to specified zoning, development, and construction. SCAG staff considers the current practice of applying credit in a jurisdiction’s housing element appropriate, and recommends facilitating discussion with HCD as necessary to ensure that inclusionary zoning ordinances can continue to be used in housing elements to meet assigned RHNA allocation.

### Recommendation:

- a) Regarding RHNA and Housing Element Matrix Item A1, SCAG staff recommends that the Subcommittee decide whether establishing overarching principles during the 6<sup>th</sup> RHNA cycle is necessary. If determined necessary, the overarching principles will be discussed during the 6<sup>th</sup> RHNA cycle update process beginning in 2018.
- b) Regarding RHNA and Housing Element Matrix Item B9, continue to facilitate discussions with HCD to ensure that inclusionary zoning ordinances can be used in housing elements to meet assigned RHNA allocation.
- c) Regarding RHNA and Housing Element Matrix Item A8, continue to conduct extensive outreach with all jurisdictions for bottom-up review and local input process for the purpose of developing accurate land use maps and resolving potential discrepancies in the projected growth of population, household and employment.

### **(3) Facilitation of Trade and Transfers**

#### *RHNA and Housing Element Reform Matrix (Item A2):*

It has been suggested that SCAG should encourage and facilitate “appropriate” trade and transfer during the RHNA process. This includes making facilitation services available to jurisdictions that elect to conduct a trade and transfer process and provide a sample agreement template.

#### Background:

In February 2012, the SCAG Regional Council approved the RHNA Procedures for Revision Requests, Appeals and Trade & Transfers (“Procedures”), which outlined the process for handling trade and transfers relating to the 5<sup>th</sup> cycle RHNA. The trade and transfer process allowed two or more local jurisdictions to agree to an alternate distribution of their RHNA allocation consistent with existing law. It was also made clear that local jurisdictions choosing to participate in a trade and transfer agreement did not need to request

a revision or file an appeal with SCAG. The alternative distribution agreed upon by the participating jurisdictions required a written agreement outlining the respective jurisdictions modified allocations, and also required that the alternative distribution be submitted prior to the issuance of the Final RHNA Plan, which distributed in September 2012.

Subsequent to the Regional Council adoption of the Procedures, the Procedures were made available to all jurisdictions and posted on the SCAG webpage. Several inquiries were made to SCAG staff regarding the trade and transfer process, but SCAG staff did not receive any trade and transfer agreements for the 5<sup>th</sup> cycle RHNA. A similar set of procedures were approved by the Regional Council for the 4<sup>th</sup> cycle RHNA, which concluded in July 2007, but no agreements were received at the time. Due to the low level of interest in this option, SCAG staff did not develop a template agreement for a trade and transfer agreement. Based on the request provided as part of this Subcommittee process, SCAG staff will develop a sample agreement template during the 6<sup>th</sup> cycle RHNA.

**Recommendation:**

Regarding RHNA and Housing Element Matrix Item A2, SCAG staff should continue to encourage and facilitate the trade and transfer process and develop a sample agreement template during the 6<sup>th</sup> cycle RHNA. Language for the trade and transfer policy will be revisited to ensure flexibility for interested parties and to continue consistency with State housing law objectives and laws.

**(4) Consideration of General Plan Development and Implementation**

*RHNA and Housing Element Reform Matrix (Item B5):*

It has been suggested that General Plan updates in progress should be considered during the local input process to SCAG as well as in the final RHNA determination.

**Background:**

A General Plan is a jurisdiction’s long-term blueprint for development and expresses the jurisdiction’s development goals and policies relative to the distribution of future land use. Under State law, subdivisions, capital improvements, development agreements, and other land use actions must be consistent with the adopted General Plan. The long-term horizon is for a set amount of years, usually 15 to 20 years or more. According to the California Office of Planning and Research, the agency responsible for General Plan monitoring, General Plans should be reviewed regularly and revised as new information becomes available and as community needs and values change.

Between 2009 and 2011, SCAG asked all of its local jurisdictions to review and assess the projected household growth, which was used as the basis for the RHNA allocation. A jurisdiction can coordinate a general plan update with the local input process for developing the SCAG RHNA projections, but the RHNA process must have a determined cutoff date to maintain consistency in the application of the RHNA methodology. For the 5<sup>th</sup> cycle RHNA, SCAG continued to accept local input from jurisdictions on projected household growth until end of August of 2011 so that the final RHNA methodology could be developed and adopted in October 2011.

**Recommendation:**

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Regarding RHNA and Housing Element Matrix Item B5, ensure that jurisdictions are aware of data submission timelines during the development of the 6<sup>th</sup> cycle RHNA so that circumstances such as General Plan updates are incorporated into local input as appropriate.

## **(5) RHNA Methodology Issues**

*RHNA and Housing Element Reform Matrix (Item A11, C8, A12):*

A11: It has been suggested that SCAG remove the “110%” adjustment component of the RHNA methodology because it would eventually result in a realignment of affordable housing concentrations across the SCAG region and fails to comport with real estate market realities.

C8: State housing law should be clarified to specifically address how housing needs should be allocated to jurisdictions with a disproportionately high share of households in the low income categories.

A12: SCAG should ensure the accuracy of the vacancy credit application.

Background:

### Social Equity Adjustment (A11, C8)

One of the main objectives of the RHNA plan outlined in Government Code Section 65584(d) is “allocating lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category, as compared to the countywide distribution of households in that category from the most recent decennial United States census.” Government Code Section 65584.04(i)(2) adds that the final allocation plan will ensure that each jurisdiction in the region receive an allocation of units for low and very low income households. However, State housing law does not specify a particular methodology to address this social equity requirement.

For the 4<sup>th</sup> and 5<sup>th</sup> RHNA cycles, SCAG adopted as part of its methodology what is known as a “110% social equity adjustment.” A 110% social equity adjustment reviews a jurisdiction’s percentage of households by income level in comparison to the county distribution, and adjusts the jurisdiction’s distribution by 110%.

In Table 1 below, example City A has a higher percentage of existing very low income households in comparison to its county and a lower percentage of existing above moderate income households than the county distribution.

Household Income Level	City A	County Distribution
Very Low Income	29.50%	25.30%
Low Income	20.30%	15.60%
Moderate Income	19.60%	16.80%
Above Moderate Income	30.50%	42.30%

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To calculate the City’s adjusted distribution, the City’s percentage is compared to the county’s percentage, multiplied by 1.10, and then applied to its existing percentage, as outlined in Table 2 below:

Table 2	
Household Income Level	City A Adjusted Allocation
Very Low Income	29.5% - [(29.5%-25.3%) x 110%]
Low Income	20.3% - [(20.3%-15.6%) x 110%]
Moderate Income	19.6% - [(19.6%-16.8%) x 110%]
Above Moderate Income	30.5% - [(30.5%-42.3%) x 110%]

The results of a 110% social equity adjustment for City A are a lower allocation of low income households than the county distribution and a higher allocation of above moderate income households than the county (Table 3).

Table 3		
Income Category	City A Distribution Before Adjustment	City A Adjusted Distribution
Very Low	29.50%	24.90%
Low	20.30%	15.10%
Moderate	19.60%	16.50%
Above Moderate	30.50%	43.50%
Total	100%	100%

A RHNA methodology can explore lower or higher percentages, different formulas, or local planning factors to address social equity. For example, the Association of Bay Area Governments (ABAG), a COG covering nine counties in the San Francisco Bay Area, addresses overburdening by considering factors such as transit coverage, employment data, and building permits issued. Under ABAG’s methodology, jurisdictions in non-infill opportunity areas that have a high number of jobs and strong transit networks and permitted a low number of affordable units during the last RHNA cycle received higher allocations. The San Diego Association of Governments (SANDAG), a COG covering jurisdictions of San Diego County, considered the capacity of each jurisdiction. Under this methodology, SANDAG measured the capacity of each jurisdiction and redistributed lower income units from where the established threshold was exceeded (20 dwelling units per acre) to jurisdictions that had remaining capacity.

Considering that there are different methodologies that exist to address the situation of overburdened communities, it is recommended that the issue be revisited during the development of the 6<sup>th</sup> cycle RHNA beginning in 2018. A specific process and timeline to develop the RHNA methodology are outlined in State housing law and additionally, more updated data that will inform this discussion will be available at that time. A clarification in State housing law is not recommended since each COG can currently develop its

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own methodology that may be appropriate for its own jurisdictions, but may not be appropriate for other COGs.

## Vacancy Credit Application (A12)

For this RHNA cycle only, HCD made an adjustment to its regional determination for the 5th RHNA cycle to account for abnormally high vacancies and unique market conditions due to prolonged recessionary conditions, high unemployment, and unprecedented foreclosures. Excess vacancy credits were one-time credits derived at the regional level from housing vacancy statistics based on the 2010 U.S. Census. The regional excess vacant unit credit, which included for sale or rent or other unknown reasons, was 75,391 units. A vacancy credit was applied to jurisdictions with an excess of vacant units above the healthy market vacancy rate. The vacancy credit did not result in additional housing needs to jurisdictions who did not receive a credit.

The excess vacancy credit was applied to a jurisdiction's draft RHNA allocation prior to income category distribution. At this time, there is no uniform data available on the exact pricing and distribution of these vacant units, nor is there uniform data available on the income of the residing household prior to vacancy. However, the regional affordability index published by the California Association of Realtors (CAR) indicates that price distributions for those vacant units are consistent with current regional household income distribution.

Since any particular vacancy credit is dependent on market conditions at the time, it cannot be known whether a vacancy credit will be part of HCD's 6<sup>th</sup> RHNA cycle regional determination, which is anticipated to be completed by August 2019. In the case that a vacancy credit is applied, SCAG staff recommends that similar methods as those used in the 5<sup>th</sup> cycle RHNA be applied to the vacancy credit allocation in the 6<sup>th</sup> RHNA.

## Recommendation:

- a) Regarding RHNA and Housing Element Matrix Item A11 and C8, review different formulas and factors to determine the appropriate methodology to address the projected distribution of very low and low income housing for overburdened communities during the development of the 6<sup>th</sup> cycle RHNA, beginning in 2018.
- b) Regarding RHNA and Housing Element Matrix Item A12, staff recommends that this matter be addressed during the 6th cycle RHNA update, beginning in 2018.

## **FISCAL IMPACT:**

Expenditures related to staff and legal support for the RHNA and Housing Element Reform Subcommittee along with additional related direct costs (i.e., stipends, meals, mileage and parking) is included as part of the FY 13-14 General Fund Budget.

## **ATTACHMENTS:**

None