Regional Planning Partnership

March 20, 2019

**Subject:** Introduction to Regional Housing Needs Allocation

**Issue:** What is the Regional Housing Needs Allocation (RHNA), and what factors should be considered in the RHNA methodology for the allocation?

**Recommendation:** This item is for information to interested parties.

**Discussion:** Since 1969, California has required that all local governments (cities and counties) adequately plan to meet the housing needs of everyone in the community. Metropolitan Planning Organizations (MPOs) and council of Governments (COGs) such as SACOG play a significant role in how this is done through the Regional Housing Needs Allocation process.

Based on the regional determination provided by Housing and Community Development, SACOG must develop a Regional Housing Needs Allocation and a Regional Housing Needs Plan (RHNP). These State-mandated documents allocate a projected share of the regional determination to each of the cities and counties in SACOG’s six-county region. The RHNA establishes the number of housing units, by income level, that each city and county must plan for within the eight-year planning period. Based on the adopted RHNA, each city and county must update its housing element to demonstrate how the jurisdiction will accommodate its housing need over the eight-year planning period.

The RHNA process is an important planning process that includes State, regional, and local governments. The State provides SACOG a regional goal for new housing. SACOG is responsible for creating and adopting a methodology for distributing that regional number to each jurisdiction. Local governments are then responsible for zoning to accommodate that housing goal in their housing elements. The year 2019 is the start of the RHNA process and the year when many key decisions will have to be made by the SACOG Board.

One of the most important stages in the RHNA process is the development of the methodology to distribute the allocations to local governments. The methodology must consider different factors identified in state law and must be applied consistently throughout the region. SACOG just started working with local government planners on development options for the methodology, and SACOG will be seeking the input of stakeholders through the RPP meetings for input. At this meeting, SACOG will conceptually explore what elements should be considered for different methodology options. Summer 2019, at the RPP meetings, SACOG staff will summarize some of the different methodology options it has developed for stakeholder input. The SACOG...
Board of Directors will be asked to publicly release the staff’s recommended option by the board’s August meeting, and will take action to approve one methodology at its October 2019 meeting.

Attachment A provides Frequently Asked Questions about the RHNA, including the requirements on local governments and SACOG, the relationship with the MTP/SCS, and the upcoming timeline and process. Attachment B summarized the objectives of state law and factors that must be considered in the RHNA methodology.

Attachment(s):
   A. Frequently Asked Questions – Regional Housing Needs Allocation; and RHNA Considerations
   B. SACOG RHNA Considerations

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2021-2029 Regional Housing Needs Allocation (RHNA) – Cycle 6

FAQ Sheet
(Updated: February 21, 2019)

This Frequently Asked Questions (FAQ) sheet addresses the Regional Housing Needs Allocation (RHNA) for the SACOG region. This document will be periodically updated and the most recent version will be available on the SACOG RHNA Website: https://www.sacog.org/post/rhna-faqs

Background Information

What are the Regional Housing Needs Allocation (RHNA) and related terms?

According to the California Housing and Community Development Department (HCD), California has required since 1969 that all local governments (cities and counties) adequately plan to meet the housing needs of everyone in the community. MPOs and COGs such as SACOG play a significant role in how this is done through the Regional Housing Needs Allocation process.

HCD will issue a Regional Housing Needs Determination to SACOG’s six-county region for the planning period of October 31, 2021 to October 31, 2029. This is the sixth cycle of RHNA. HCD calculates the regional determination using information provided by the California Department of Finance. The regional determination includes an overall housing need number, as well as a breakdown of the number of units required in four income distribution categories, as further defined below.

Based on the regional determination provided by HCD, SACOG must develop a Regional Housing Needs Allocation (RHNA) and a Regional Housing Needs Plan (RHNP). These State-mandated documents allocate a projected share of the regional determination to each of the cities and counties in SACOG’s six-county region. The RHNA establishes the total number of housing units that each city and county must plan for within the eight-year planning period. Based on the adopted RHNA, each city and county must update its housing element to demonstrate how the jurisdiction will meet the expected growth in housing need over this eight-year planning period.

What does this mean for cities and counties in California, and what is a Housing Element?

Once cities and counties received their allocations, they must then update the housing element of their general plans to demonstrate how zoning can or will accommodate the RHNA. General plans serve as the local government’s “blueprint” for how the city and/or county will grow and develop and include seven elements: land use, transportation, conservation, noise, open space, safety, and housing. The law mandating that housing be included as an element of each jurisdiction’s general plan is known as “housing-element law.”
California’s housing-element law acknowledges that, in order for the private market to adequately address the housing needs and demand of Californians, local governments must adopt plans and regulatory systems that provide opportunities for (and do not unduly constrain), housing development. As a result, housing policy in California rests largely upon the effective implementation of local general plans and, in particular, local housing elements.

**What is SACOG’s role in the RHNA Process?**

California’s Housing Element Law (Government Code, §§ 65580 et seq.) mandates that SACOG develop and approve a RHNA and RHNP for its six-county region, including the counties of El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba, and their 22 cities. The RHNA and RHNP must also include the Tahoe Basin portions of El Dorado and Placer counties, and the city of South Lake Tahoe, which are not normally within SACOG’s planning area.

It is SACOG’s responsibility to coordinate with HCD prior to its determination of the regional housing need. Once SACOG receives the regional determination, including the overall need number and the income category distribution, it must adopt a methodology for distributing the regional growth number throughout the region. The methodology is the basis for the final RHNA and RHNP that SACOG ultimately adopts.

**What are the RHNA Objectives and Factors that must be considered in the RHNA Methodology?**

*Objectives (§65584.d): Methodology must Further*

- Increasing Housing Supply and Mix of Housing Types
- Promote Infill, Equity, and Environment
- Jobs Housing Balance
- Regional Income Parity
- NEW: Affirmatively Furthering Fair Housing

*RHNA Factors (§65584.04.e): Methodology must Incorporate*

1. Jobs and housing relationship
2. Opportunities and constraints to development of additional housing (see below)
   2a. Capacity for sewer and water service
   2b. Availability of land suitable for urban development
   2c. Lands preserved or protected from urban development
   2d. County policies to preserve prime agricultural land
3. Opportunities to maximize transit and existing transportation infrastructure
4. Policies directing growth toward incorporated areas
5. Loss of units contained in assisted housing developments
6. High housing cost burdens
7. NEW: Rate of Overcrowding
8. Housing needs of farmworkers
9. Housing needs of UC and Cal State students
10. NEW: Loss of units during an emergency
11. NEW: SB 375 Greenhouse Gas Reduction Targets
12. Other factors adopted by Council of Governments

**What is the difference between the RHNA Objectives and the RHNA Factors?**

The RHNA objectives provide the guiding framework for how SACOG must develop the methodology. SACOG is required to demonstrate how its methodology “furthers” each of the objectives. This language requires proactive inclusion of each objective into the analysis and is a higher bar to clear than last round, which required “consistency.” The RHNA factors include a longer list of considerations that must be “incorporated” into the methodology. Each of the factors should be included to the extent that sufficient data is available.

**What are the two types of allocations in the RHNA?**

The Regional Housing Needs Allocation has two parts as required by State law:

1. **Overall Allocation:** SACOG receives a total housing unit number for growth during the planning period in the six-county SACOG region, including the Tahoe Regional Planning Area, from HCD. SACOG is required to distribute this regional housing growth number to the jurisdictions within the region for the period from October 31, 2021 to October 31, 2029.

2. **Income Category Distributions:** HCD also breaks up the total regional housing units by income level. As defined by state law, four income categories make up this distribution: very low income (less than 50 percent median family income [MFI]); low income (50 to 80 percent MFI); moderate income (80 to 120 percent MFI); and above moderate income (above 120 percent MFI). The total housing unit growth SACOG allocates to each jurisdiction must be allocated into the four household income categories.

**What are the four income categories and what do they mean for cities and counties?**

The four economic categories, as listed above, must be addressed in a jurisdiction’s housing element. Specifically, accommodations must be made to ensure that the jurisdiction provides sufficient zoning capacity to accommodate the projected housing need in each income category.

It is important to note that each jurisdiction is responsible for providing sufficient zoning capacity for the units allocated to all four economic income categories, but is NOT responsible for the construction of these units. The intent of the Housing Element Law is to ensure that jurisdictions do not impede the
construction of housing in any income category. Other factors, such as market forces, are well beyond a jurisdiction’s control and have considerable influence over whether or not housing units in each income category are actually constructed.

Is there a relationship between the MTP/SCS and RHNA?

Yes, the Metropolitan Transportation Plan/Sustainable Communities Strategy 2040 Update plans for the projected growth in the region by 2040 and where it will take place. State law requires that the MTP/SCS be consistent with the RHNA. As such, the RHNA is an attempt to plan for the projected growth between 2021 and 2029 using projections and data used in the MTP/SCS. This relationship will be further discussed in 2019 as the MTP/SCS progresses.

Have there been changes to State Law since the last cycle of RHNA that impact Cycle 6?

Yes, there have been a number of changes to state law, but the overall structure of RHNA and Housing Element law remain the same. Some of the changes to state law affect what may be counted towards RHNA in the Housing Element, and consequences of jurisdictions not meeting their allocations in a timely manner. These new housing laws will be addressed in 2019 when the RHNA process gets fully underway. In the meantime, SACOG is offering housing planners in the 28 member agencies special training opportunities to learn about the details in preparation for RHNA.

Procedural Questions

What's the upcoming RHNA timeline?

The item being brought to the SACOG Board of Director’s three committees in November, 2018, is to introduce RHNA. RHNA will be discussed with the SACOG board throughout 2019 and beyond, with board actions to be taken at key points throughout. Simultaneously, the housing planners in each of SACOG’s 28 member agencies, plus the Tahoe region, have already been meeting and in discussions in preparation for the RHNA activities in 2019 and beyond.

Below are the upcoming major RHNA activities:

- Jan/Feb 2019    SACOG meeting with local governments on RHNA factors [Gov Code 65584.04(b)(1)]
- Late Jan 2019   Local governments review of draft MTP/SCS scenarios
- Feb 2019        SACOG notifies HCD and Caltrans of MTP/SCS adoption date
- Late Feb 2019   Local government comments due on draft MTP/SCS scenarios
- Mar 2019        Housing Planners meeting: kick-off of RHNA methodology development; start of monthly meetings
What's next in the RHNA process for the SACOG Board?

SACOG staff will update the Board throughout 2019 prior to key decision points. SACOG staff will be working regularly with the housing planners from each of the 28 member jurisdictions plus the Tahoe region. SACOG staff is also available to any jurisdictions requesting a planning commission or governing body update.

Is the prior RHNA available to review?

The current 2013-2021 RHNP is available on SACOG’s website at:

https://www.sacog.org/post/regional-housing-needs-allocation
SACOG RHNA Considerations

There have been a number of changes to the State Statute governing the development of the RHNA methodology as a result of two 2018 bills: AB 1771 and SB 828. These changes will apply to the Cycle Six RHNA (2021-2029) are highlighted here in red/orange.

RHNA Objectives vs RHNA Factors

The RHNA objectives provide the guiding framework for how SACOG must develop the methodology. SACOG is required to demonstrate how its methodology “furthers” each of the objectives. This language requires proactive inclusion of each objective into the analysis and is a higher bar to clear than last round, which required “consistency.” The RHNA factors include a longer list of considerations that must be “incorporated” into the methodology. Each of the factors should be included to the extent that sufficient data is available.

Objectives (§65584.d): Methodology must Further

**Increasing Housing Supply and Mix of Housing Types**

• “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, which shall result in each jurisdiction receiving an allocation of units for low- and very low income households.”

**Promote Infill, Equity, and Environment**

• now including a special consideration of SB 375 greenhouse gas reduction targets from ARB
  • “Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region’s greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080.”

**Jobs Housing Balance**

• now including an improved balance between low-wage jobs and lower-income housing
  • “Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.”

**Regional Income Parity**

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

**NEW: Affirmatively Furthering Fair Housing**

• “Affirmatively furthering fair housing means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.”
RHNA Factors (§65584.04.e): Methodology must Incorporate

1. Jobs and housing relationship
   • If data is available, this factor now includes consideration of existing and projected relationships between low-wage jobs and lower-income housing
   • “Each member jurisdiction’s existing and projected jobs and housing relationship. This shall include an estimate based on readily available data on the number of low-wage jobs within the jurisdiction and how many housing units within the jurisdiction are affordable to low-wage workers as well as an estimate based on readily available data, of projected job growth and projected household growth by income level within each member jurisdiction during the planning period.”

2. Opportunities and constraints to development of additional housing (see below)
   2a. Capacity for sewer and water service
       • “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.”

2b. Availability of land suitable for urban development
   • “The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions. The determination of available land suitable for urban development may exclude lands where the Federal Emergency Management Agency (FEMA) or the Department of Water Resources has determined that the flood management infrastructure designed to protect that land is not adequate to avoid the risk of flooding.”

2c. Lands preserved or protected from urban development
   • Factors 2c, 2d, and 4 are now allowed to consider the amount of land zoned/designated for agriculture protection or preservation
   • “Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis, including land zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of that jurisdiction that prohibits or restricts conversion to non-agricultural uses.”

2d. County policies to preserve prime agricultural land
   • “County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated and land within an unincorporated area zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of that jurisdiction that prohibits or restricts its conversion to non-agricultural uses.”

3. Opportunities to maximize transit and existing transportation infrastructure
   • “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.”
4. Policies directing growth toward incorporated areas

- "Agreements between a county and cities in a county to direct growth toward incorporated areas of the county and land within an unincorporated area zoned or designated for agricultural protection or preservation that is subject to a local ballot measure that was approved by the voters of the jurisdiction that prohibits or restricts conversion to non-agricultural uses."

5. Loss of units contained in assisted housing developments

- "The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583, that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions."

6. High housing cost burdens

- "The percentage of existing households at each of the income levels listed in subdivision (e) of Section 65584 that are paying more than 30 percent and more than 50 percent of their income in rent."

7. NEW: Rate of Overcrowding

- Overcrowding is defined as more than one resident per room in each room in a dwelling

8. Housing needs of farmworkers

9. Housing needs of UC and Cal State students

- "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. NEW: Loss of units during an emergency

- "The loss of units during a state of emergency that was declared by the Governor pursuant to the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2), during the planning period immediately preceding the relevant revision pursuant to Section 65588 that have yet to be rebuilt or replaced at the time of the analysis."

11. NEW: SB 375 Greenhouse Gas Reduction Targets

- "The region’s greenhouse gas emissions targets provided by the State Air Resources Board pursuant to Section 65080."

12. Other factors adopted by Council of Governments

- "Any other factors adopted by the council of governments, that further the objectives listed in subdivision (d) of Section 65584, provided that the council of governments specifies which of the objectives each additional factor is necessary to further. The council of governments may include additional factors unrelated to furthering the objectives listed in subdivision (d) of Section 65584 so long as the additional factors do not undermine the objectives listed in subdivision (d) of Section 65584 and are applied equally across all household income levels as described in subdivision (f) of Section 65584 and the council of governments makes a finding that the factor is necessary to address significant health and safety conditions."

**SACOG cannot use the following as a basis for a lower RHNA**

- Direct or indirect regulatory density limits (ordinance, policy, voter-approved measure, zoning, general plan)
- Prior underproduction of housing
- Stable population numbers
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