



**Government Relations and Public
Affairs Committee**

Meeting Date: 11/5/2018

Agenda Item No.: 2018-November-9.

Subject: Introduction to Regional Housing Needs Allocation (Est. time: 10 minutes)

Information

Prepared by: Greg Chew

Approved by: Erik Johnson

Attachments: Yes

1. Issue:

What is the Regional Housing Needs Allocation (RHNA), and what does it mean for SACOG and its member agencies?

2. Recommendation:

None, this item is for information only.

3. Background/Analysis:

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 Councils of Governments (COGs) such as SACOG play an important role in how this accomplished through the RHNA process.

The California Department of Housing and Community Development (HCD) is responsible for determining the housing needs, segmented by income levels, for regions throughout the state. Based on the regional determination provided by HCD, SACOG must develop a Regional Housing Needs Allocation (RHNA). The RHNA allocates the projected share of the regional determination to each of the cities and counties in SACOG's six-county region. The allocation is the number of housing units, by income level, that each city and county must plan for within an 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.

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.

4. Discussion/Analysis:

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. Next year, 2019, will be the start of the RHNA process and the year when the SACOG board will need to make some key decisions. The housing planners from the 28 member agencies plus the Tahoe region have already had an introductory kick-off about RHNA and are aware of the 2019 timeline. The key project timeline dates are:

- February-August 2019: SACOG works with local agencies to develop RHNA methodologies for allocation
- August 2019: Staff submits proposed methodology to board for consideration
- August 2019: State Department of Housing and Community Development issues Regional Housing Needs Determination
- October 2019: SACOG board identifies and approves selected RHNA methodology
- August 2020: SACOG adopts final RHNA
- August 2021: Deadline for local governments to adopt Housing Elements

5. Fiscal Impact/Grant Information:

This project is budgeted in SACOG's adopted Fiscal Year (FY) 2018-2019 Overall Work Program and budget.

6. This staff report aligns with the following SACOG Work Plan Goals:

8. Build out our Council of Governments Functions

ATTACHMENTS:

Description

Attachment: Frequently Asked Questions About RHNA

Sacramento Area Council of Governments (SACOG)
Regional Housing Needs Allocation (RHNA) – Cycle 6

FAQ Sheet
(Updated: November 1, 2018)

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. The Regional Housing Needs Plan (RHNP) is the planning document that encapsulates the RHNA. 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 two types of allocations in the RHND?

The Regional Housing Needs Determination, which is issued to SACOG from HCD, 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 meanwhile, the 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 2019 SACOG meeting with local governments on RHNA Factors [Gov Code 65584.04(b)(1)] with Jurisdictions

- late Jan 2019 Local governments review of Draft MTP/SCS Scenario

- Feb 2019 SACOG notifies HCD and Caltrans of MTP/SCS adoption date
- Early Mar2019 Local government comments due on Draft MTP/SCS Scenario
- late Mar 2019 Housing Planners meeting: kick-off of RHNA methodology development
- May 2019 Sub-regional delegation notice due to SACOG
- July 2019 HCD consultation with SACOG
- Aug 2019 HCD issues Regional Housing Needs Determination (RHND)
- Aug 2019 SACOG issues proposed staff recommended methodology (other alternatives also shown)
- Aug-Oct 2019 HCD reviews Draft methodology and comments
- Oct 2019 SACOG Board Adopts methodology
- Nov 2019 HCD issues final determination if objection
- Feb 2020 SACOG adopted MTP/SCS
- Aug 2020 SACOG adopts RHNA Plan and AFFH requirements due
- Aug 2021 Housing Elements due by local governments

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>