



Recommendations from HCD's  
*California's Housing Future 2040: The  
Next Regional Housing Needs Allocation*

ABAG Executive Board  
May 16, 2024

# Agenda



Context-Setting  
on RHNA Cycle 6



Overview of  
HCD's California  
Housing Future  
2040 Process



Review of HCD's  
Recommendations



Opportunity for  
Discussion &  
Questions

# Recap: RHNA Cycle 6 - Statewide

State law requires all jurisdictions to plan to meet the housing needs of everyone in the community.

## HCD

identifies number of units, across all income groups, for which a region must plan



## ABAG

develops methodology to allocate share of housing need, by income, to each jurisdiction



## Jurisdiction

updates Housing Element and zoning to show how it can accommodate its share of housing need

## What was new for RHNA Cycle 6?

- Higher total regional housing need
- Greater emphasis on social equity
- More factors to consider in RHNA methodology
- Expanded HCD oversight on methodology & allocations
- New requirements for identifying eligible sites for Housing Elements

# Recap: RHNA Cycle 6 - Bay Area Context

- HCD's Regional Housing Needs Determination (RHND) required the Bay Area to plan for 441,176 units from 2023 to 2031.
- ABAG convened a Housing Methodology Committee (HMC), composed of local elected officials and staff from every county as well as regional stakeholders, to guide development of the RHNA methodology.
- Final methodology applied factors related to *Access to High Opportunity Areas* and *Job Proximity by Auto* and *Job Proximity by Transit* to a jurisdiction's total households in 2050.
- Jurisdictions submitted 28 appeals; 1 was partially granted.

# Reflections: RHNA Cycle 6 - Bay Area Context

## What worked relatively well this past cycle?



Active engagement from elected officials and stakeholders via HMC & committees



New tools and technologies to help rapidly iterate & visualize methodologies

*From HCD's Report:*

*“Stakeholders raised up ABAG as an example of a COG that did an exceptionally good job describing the RHNA process to stakeholders in an accessible manner.”*

## What were some of the greatest challenges?



Tight statutory deadlines, especially during the peak of the COVID-19 pandemic



Navigating new state requirements such as AFFH without precedents or guidance

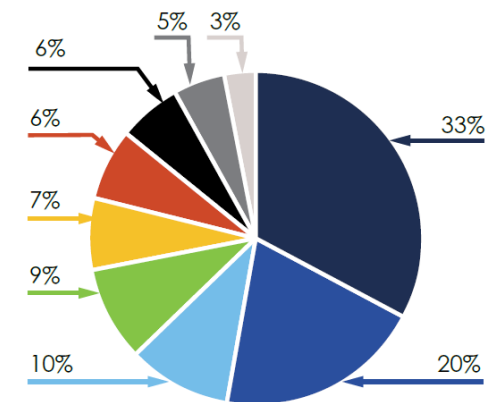


Appeals process resource-intensive for ABAG staff and local jurisdiction staff alike

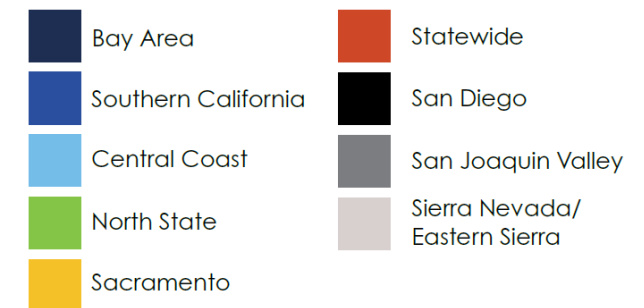
# California's Housing Future 2040: The Next Regional Housing Needs Allocation

- AB 101 (2019) directed HCD to make recommendations for RHNA that **promote and streamline housing development and substantially address California's housing shortage.**
- Effort limited to recommendations for RHND and RHNA processes – **not about Housing Elements.**
- Public engagement: webinar, survey, Sounding Board, listening sessions, dedicated email.
  - **356 survey responses, 33% from Bay Area.**
  - **39% of responses from local governments statewide.**

Geographic Distribution of Responses to HCD Survey



Locations



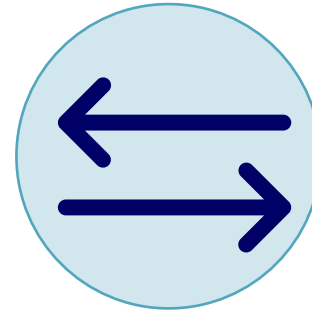
# California's Housing Future 2040: 3 Key Topics



Regional  
Housing Needs  
Determination  
(RHND)




Regional  
Housing Needs  
Allocations  
(RHNA)



Other Policy  
Changes (e.g.,  
RTP/SCS  
Alignment)

*While HCD can act on some recommendations within its existing authority, many of the recommendations featured in the report require legislative action to affect ABAG's Cycle 7 RHNA process.*

 *Such recommendations are starred on subsequent slides to indicate this important prerequisite.*

# RHND: Major Policy Moves

- ★ Account for housing needs of people experiencing homelessness (*Topic #1*).
  - Create two new income categories for acutely low- and extremely low-income households.
  - Add count of people experiencing homelessness.
- Adjust how people in “group quarters” are accounted for in RHND and APRs (*Topic #3*).
  - Include certain types of student housing and senior communities in RHND and APRs.
  - Add people in emergency shelters/unsheltered locations and adults in residential treatment centers to RHND.
- ★ Adjust income distribution to shift more of RHND toward lower-income housing needs (*Policy Consideration #1*).





# RHND: Changes to Calculation Approach

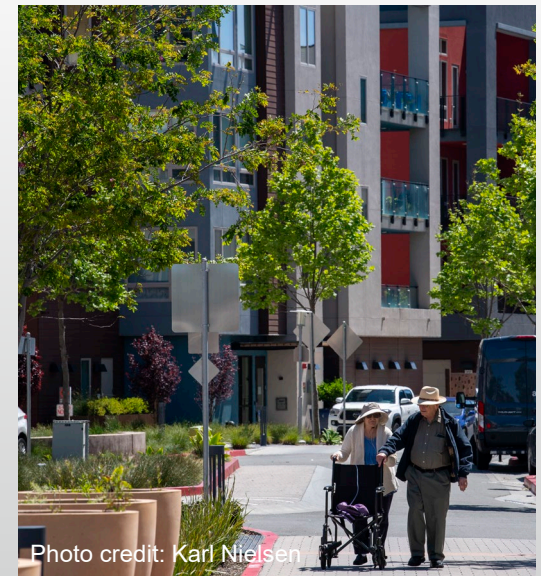
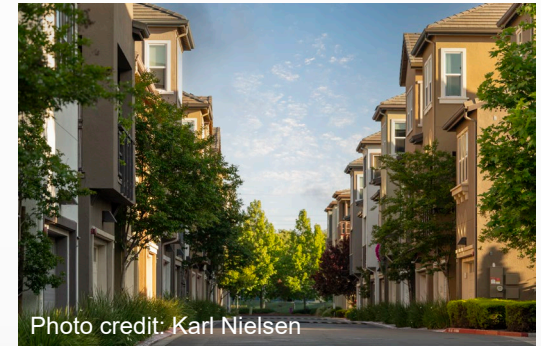
- ★ • Replace “comparable regions” process for overcrowding and cost burden adjustment factors with **comparison to national average** (*Topic #4*).
- **Technical revisions to RHND adjustment factors** for cost burden, overcrowding, vacancy rate, and jobs/housing relationship (*HCD Efforts #1-3*).
- Account for **housing lost to vacation homes and short-term rentals** (*HCD Effort #4*).
- ★ • Use Department of Finance (DOF) **household projections instead of population projections**. Remove consultation process with COGs (*Topic #2*)
- HCD to **increase transparency during the RHND process**, including offering methodology walkthroughs to COG boards (*HCD Effort #5*).

# RHNA: Methodology Development

- ★ • **Revise methodology factors** to increase clarity, improve outcomes (*Topic #6*).  
Most notably:
  - **Use state-wide model** for analyzing housing opportunities and constraints.
  - **Clarify constraints** that should/should not be considered.
  - **Only include hazards** that cannot be mitigated and would pose severe threat of loss of life.
  - **New factor** for pollution concentration in underserved communities.
- ★ • **Replace jurisdiction survey** for data on factors with jurisdiction review of datasets COG proposes to use in allocation methodology (*Topic #7*).
- ★ • **Refine appeals process** to increase clarity and efficiency (*Topic #8*).
  - **Improve technical assistance** for subregion process (*HCD Effort #9*).

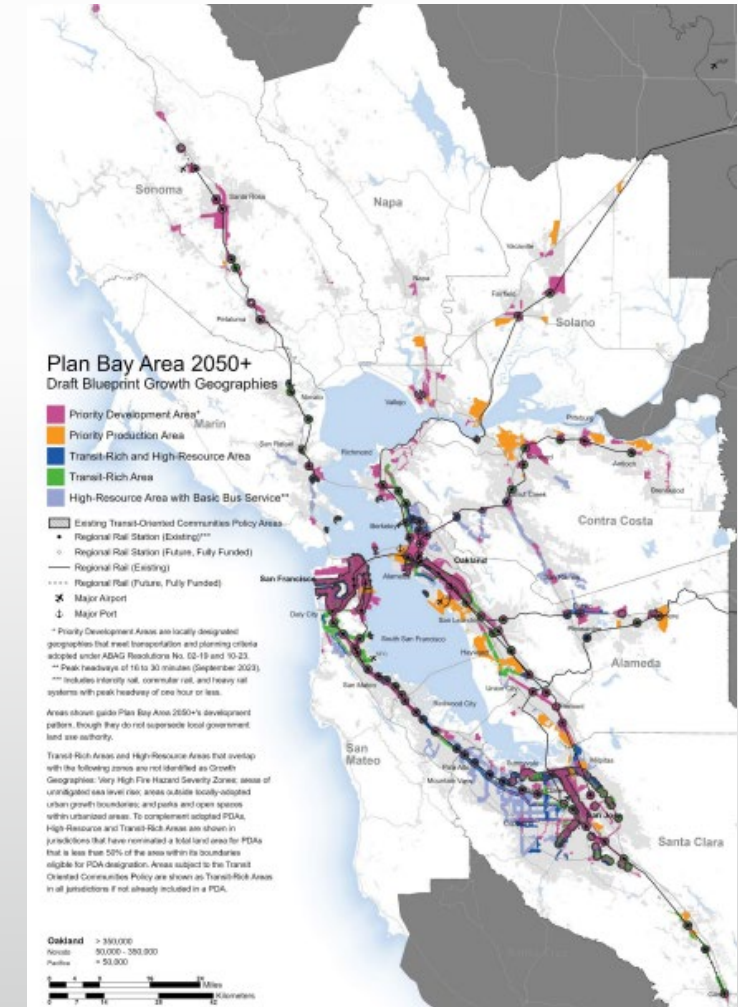
# RHNA: Process Refinements

- ★ • Increase HCD guidance and oversight over Draft Methodology to ensure it furthers and balances the RHNA objectives (*Topic #5*).
- ★ • Require COGs to make diligent effort for participation by households with special needs during methodology development process (*Topic #9*).
- ★ • Explore ways to clarify the RHNA process and simplify language in statute (*Policy Consideration #3*).



# Other Policy Changes

- ★ • Add new requirements for RTP/SCS (e.g., Plan Bay Area) to maximize RHNA alignment (*Topic #10*):
  - RTP/SCS household projection should include needs of both existing and projected population.
  - RTP/SCS forecasted growth pattern must also be consistent with RHNA and further RHNA objectives.
- Provide guidance on allocations to unincorporated areas (*HCD Effort #8*).
- ★ • Explore assigning units lost during a state of emergency to the overall allocation, rather than solely to affected jurisdictions (*Policy Consideration #2*).



# Initial Thoughts From ABAG Staff

- **Appreciate focus on homelessness**; appropriate implementation will require thoughtful approach.
  - **Emphasis on local efforts to address homelessness must be accompanied by increased resources from State.**
- **Support clarity/streamlining efforts**; most seem aligned with ABAG Cycle 6 approach.
  - **Specific details from HCD will be key**—particularly for changes to how factors are defined/used.
  - **Looking forward to expanded HCD guidance, including on allocations to unincorporated areas.**
- **Significant concerns about HCD proposals related to new RTP/SCS requirements as part of a RHNA reform package.**
  - **Adding one-off new requirements to the long-range plan without thoughtful consideration of policy tradeoffs between climate and equity may make it harder to achieve statutory GHG target.**
  - **Such recommendations should instead be considered as part of more holistic Senate Bill 375 (Steinberg, 2008) reform discussions.**



# Next Steps

- Spot bills in the 2024 Legislative session may be amended to address these recommendations in the months ahead.
- ABAG/MTC will remain engaged in state-level policy discussions this session and beyond.
- RHNA Cycle 7 anticipated to start in 2027; policy shifts implemented by HCD in next few years would affect that cycle.