



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

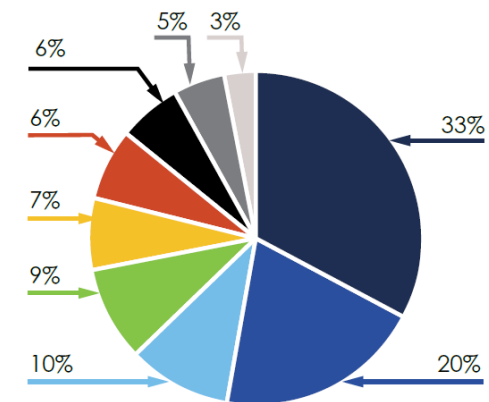


Appeals process resource-intensive for ABAG staff and local jurisdiction staff alike

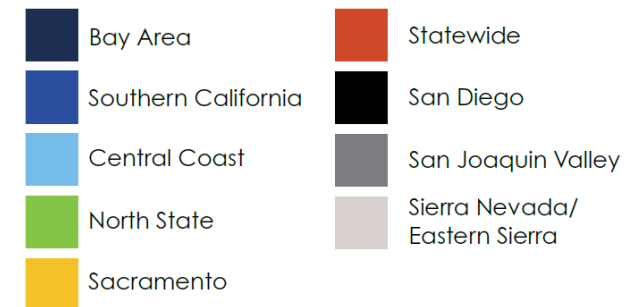
California's Housing Future 2040: The Next Regional Housing Needs Allocation

- 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



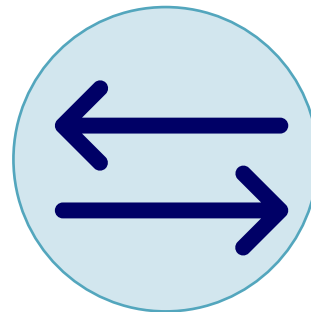
California's Housing Future 2040: 3 Key Topics



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

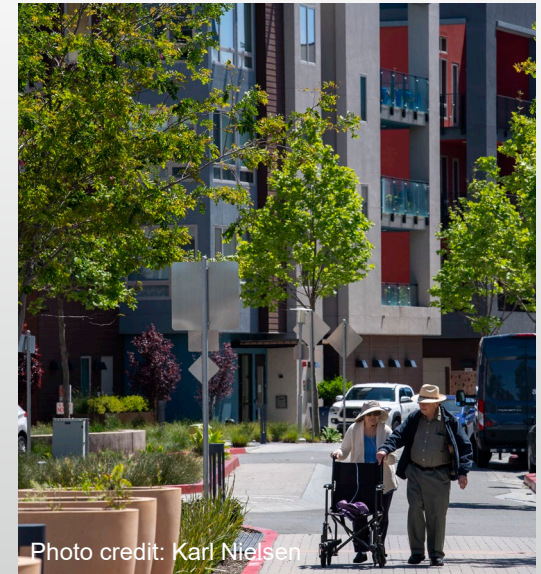
- ★ • Replace “comparable regions” process for overcrowding and cost burden adjustment factors with **comparison to national average** (*Topic #4*).
- **Technical revisions to RHND adjustment factors** for cost burden, overcrowding, vacancy rate, and jobs/housing relationship (*HCD Efforts #1-3*).
- 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*).

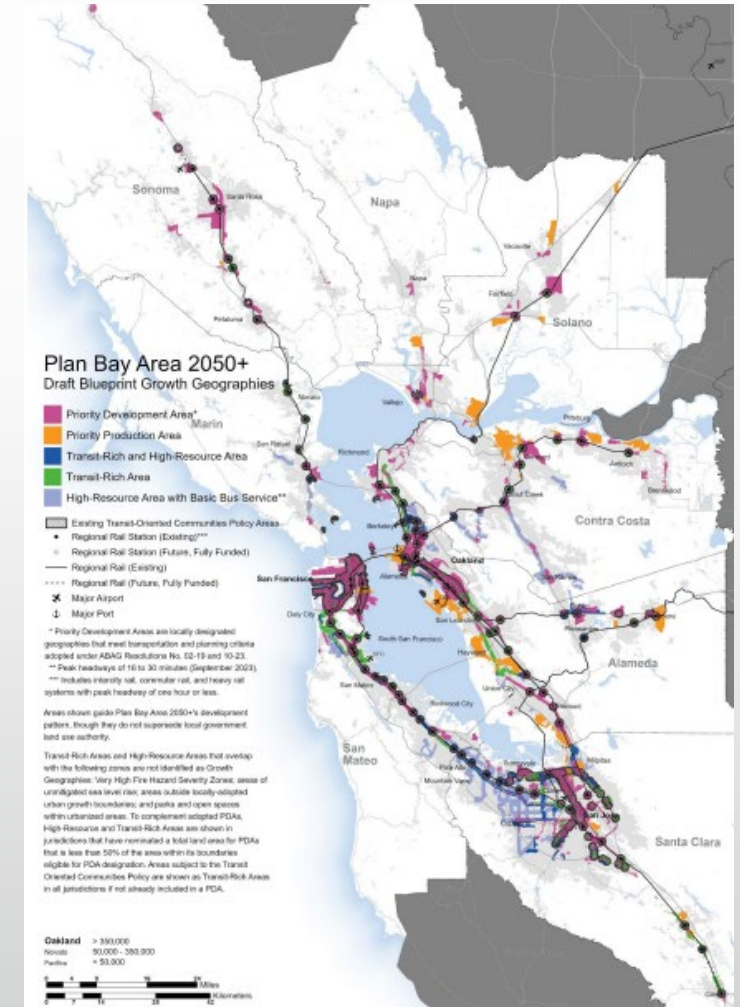
RHNA: Process Refinements

- ★ • 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.