

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Ave
Sacramento, CA 95833-1829
916) 263-2911 FAX: (916) 263-7453
www.hcd.ca.gov



November 18, 2019

James Corless, Chief Executive Officer
Sacramento Area Council of Governments
1415 L Street, Suite 300
Sacramento, CA 95814

Dear Director Corless:

RE: Review of Draft Regional Housing Need Allocation (RHNA) Methodology

Thank you for submitting the draft Sacramento Area Council of Governments (SACOG) Sixth Cycle Regional Housing Need Allocation (RHNA) Methodology. Pursuant to Government Code Section 65584.04(i), the California Department of Housing and Community Development (HCD) is required to review draft RHNA methodology to determine whether the methodology furthers the statutory objectives described Government Code Section 65584(d).

The draft SACOG methodology uses the Metropolitan Transportation Plan (MTP) to allocate the overall RHNA number for a city and uses three adjustments to rebalance the income distribution among the sub-categories of RHNA by income and address the statutory objectives the MTP does not alone address. HCD has completed its review of the methodology, including the outputs of the four weighting options, and finds that the draft SACOG RHNA Methodology furthers the five statutory objectives of RHNA.¹

Below is a brief summary of findings related to each statutory objective described within Government Code Section 65584(d):

1. 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.

The methodology generally allocates more lower income RHNA to jurisdictions that have higher housing costs. Regardless of which weighting option is used, six of the seven cities with the highest housing costs in the region also receive the seven largest shares of lower income RHNA. Additionally, there is fairly close alignment between the ranking of housing costs and share of lower income RHNA across all jurisdictions. This outcome helps to facilitate a mix of affordability, housing types, and tenure throughout the region. The Regional and Local Early Action Planning grants can be used to continue to pursue this and all the statutory objectives of RHNA by encouraging density and affordability in strategic areas.

--continued on next page--

¹ While HCD finds that this methodology furthers the objectives of RHNA, HCD's determination may change in regards to a different region or cycle, as housing conditions in those circumstances may differ.

--continued from previous page--

2. 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.

The draft allocation furthers the infill and environmental principles of this objective, as the overall allocation is based on SACOG's infill and job focused MTP combined with adjustment factors, such as the jobs-housing adjustment factor, which further direct lower income RHNA toward low-wage job centers, encouraging "jobs-housing fit," efficient development patterns, greater housing access for low-wage workers, and greenhouse gas reduction.

3. 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.

HCD commends SACOG for including analysis of low-wage jobs and affordable units in the methodology. The jobs-housing fit adjustment factor directs more lower income RHNA to places with a higher overall number of low-wage jobs, and a higher number of low-wage jobs compared to units affordable to low-wage workers. There is strong overlap across all weighting options between the ranking of a jurisdiction's total low wage jobs and the ranking of a jurisdiction's total lower income RHNA. For example, regardless of which weighting option is used, seven of the eight jurisdictions with the highest number of low-wage jobs also receive the eight highest shares of lower income RHNA for the region. There is also generally strong alignment between the rank of the jobs-housing ratio for a jurisdiction (more low-wage jobs to less affordable housing) and the share of lower income RHNA that a jurisdiction receives. On this point, weighting option D has the most alignment, but all the weighting options have strong overlap.

4. 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.

This objective is furthered directly by the regional income parity adjustment factor included in the draft methodology. The SACOG equity adjustment provides an upward adjustment toward the regional average for jurisdictions that have a lower percentage of households in each income category compared to the region. While the equity adjustment explicitly responds to objective four, it also assists in the methodology furthering each of the other objectives.

5. Affirmatively furthering fair housing, which 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.

--continued on next page--

--continued from previous page--

HCD applauds the inclusion of the affirmatively furthering fair housing adjustment factor in the methodology. This factor directs more lower income RHNA to areas having more housing units in higher opportunity areas, as defined in the [HCD/TCAC Opportunity Maps](#),² which evaluate access to opportunity, racial segregation, and concentrated poverty on 11 dimensions, which are all evidence-based indicators related to long term life outcomes. On this point, weighting option C has the most alignment, but all the weighting options have sufficient overlap to further this statutory objective. With weighting option C the top seven jurisdictions with the most homes in High Opportunity areas receives the top seven largest shares of lower income RHNA thus encouraging more affordable homes in higher resourced areas and increasing housing access to these communities for lower income households.

HCD appreciates the active role of SACOG staff in providing data and input throughout the draft methodology development and review period, as well as developing a methodology that is clear and transparent. HCD especially thanks Greg Chew, Dov Kadin, and Tina Glover for their significant efforts and assistance.

Public participation in the development and implementation of the RHNA process is essential to effective housing planning. HCD applauds SACOG on its efforts to date and the region should continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while considering and incorporating comments where appropriate.

HCD looks forward to continuing our partnership with SACOG to assist its member jurisdictions to meet and exceed the planning and production of the region's housing need.

Support opportunities available for the SACOG region this cycle include, but are not limited to:

- SB 2 Planning Grants and Technical Assistance (Available now, application deadline November 30, 2019, technical assistance available now through June 2021)
- Regional and Local Early Action Planning grants (25% of Regional funds available now, all other funds available early 2020)
- SB 2 Permanent Local Housing Allocation (Available April – July 2020)

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Megan Kirkeby, Assistant Deputy Director for Fair Housing, megan.kirkeby@hcd.ca.gov.



Megan Kirkeby
Assistant Deputy Director for Fair Housing

² Created by the California Fair Housing Task Force and commissioned by HCD and the California Tax Credit Allocation Committee (TCAC) to assist public entities in affirmatively furthering fair housing. The version used in this analysis is the 2019 HCD/TCAC Opportunity Maps available at treasurer.ca.gov/ctcac/opportunity.asp.

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Ave
Sacramento, CA 95833-1829
916) 263-2911 FAX: (916) 263-7453
www.hcd.ca.gov



November 1, 2019

Hasan Ikharta, Executive Director
San Diego Association of Governments
401 B Street, Suite 800
San Diego, CA 92101-4231

Dear Director Ikharta:

RE: Review of Draft Regional Housing Need Allocation (RHNA) Methodology

Thank you for submitting the draft San Diego Association of Governments (SANDAG) Sixth Cycle Regional Housing Need Allocation (RHNA) Methodology. Pursuant to Government Code Section 65584.04(i), the California Department of Housing and Community Development (HCD) is required to review draft RHNA methodology to determine whether the methodology furthers the statutory objectives described Government Code Section 65584(d).

The draft SANDAG methodology uses jobs and transit to set the overall RHNA number for a city and uses an equity adjustment to adjust for income distribution among the sub-categories of RHNA by income. HCD has completed its review and finds that the draft SANDAG RHNA Methodology furthers the five statutory objectives of RHNA.¹

Below is a brief summary of findings related to each statutory objective described within Government Code Section 65584(d):

1. 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.

HCD's analysis shows that this methodology generally allocates more lower income RHNA in jurisdictions with more single-family homes, which will encourage higher density planning in these jurisdictions and a mix of housing types. Also, in support of the affordability objective, the draft methodology allocates more lower income RHNA in more costly areas of the region.

2. 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.

The draft allocation furthers the infill and environmental principles of this objective, as the overall allocation is based on the location of jobs and transit access. Particularly relevant to supporting infill development and climate change goals is the fact that this methodology

¹ While HCD finds that this methodology furthers the objectives of RHNA, HCD's determination may change in regards to a different region or cycle, as housing conditions in those circumstances may differ.

(continued from previous page)

does not consider land capacity or vacant land as a determinant of RHNA, and instead focuses on where housing is needed to encourage transit ridership and reduced commutes.

3. 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.

Overall jobs, rather than low-wage jobs, are included as a factor in the methodology, but further analysis shows that using overall jobs combined with the equity adjustment in the methodology leads to a strong overlap between low-wage jobs and lower income RHNA as a percentage of the region's lower income RHNA.

4. 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.

This objective is furthered directly by the equity adjustment included in the draft methodology. The SANDAG equity adjustment provides an upward adjustment toward the regional average for jurisdictions that have a lower percentage of households in a given income category compared to the region. While the equity adjustment explicitly responds to objective four, it also assists in the methodology furthering each of the other objectives.

5. Affirmatively furthering fair housing, which 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.

To evaluate this objective HCD used the [2019 HCD/TCAC Opportunity Maps](#),² which evaluate access to opportunity, racial segregation, and concentrated poverty on 11 dimensions, which are all evidence-based indicators related to long term life outcomes. The six jurisdictions that would receive the highest percentage of lower income RHNA under this methodology are also the jurisdictions that have no segregated concentrated areas of poverty or lowest resource census tracts, and compared to other jurisdictions in the region have the highest percentage of area in high or highest resource census tracts (76-100% of the jurisdiction). Conversely, the jurisdictions with large amounts of area in low resource census tracts or census tracts that demonstrate high segregation and concentrations of poverty generally receive less lower income RHNA than the regional average.

² Created by the California Fair Housing Task Force and commissioned by HCD and the California Tax Credit Allocation Committee (TCAC) to assist public entities in affirmatively furthering fair housing. The version used in this analysis is the 2019 HCD/TCAC Opportunity Maps available at treasurer.ca.gov/ctcac/opportunity.asp.

HCD appreciates the active role of SANDAG staff in providing data and input throughout the draft methodology development and review period, as well as developing a methodology that is clear and transparent. HCD especially thanks Seth Litchney and Coleen Clementson for their significant efforts and assistance.

Public participation in the development and implementation of the RHNA process is essential to effective housing planning. HCD applauds SANDAG on its efforts to date and the region should continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while considering and incorporating comments where appropriate.

HCD looks forward to continuing our partnership with SANDAG to assist its member jurisdictions meet and exceed the planning and production of the region's housing need.

Just a few of the support opportunities available for the SANDAG region this cycle include:

- SB 2 Planning Grants and Technical Assistance (Available now, application deadline November 30, 2019, technical assistance available now through June 2021)
- Regional and Local Early Action Planning Grants (25% of Regional funds available now, all other funds available early 2020)
- SB 2 Permanent Local Housing Allocation (Available April – July 2020)

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Megan Kirkeby, Assistant Deputy Director for Fair Housing, megan.kirkeby@hcd.ca.gov.



Megan Kirkeby
Assistant Deputy Director for Fair Housing

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Ave
Sacramento, CA 95833-1829
916) 263-2911 FAX: (916) 263-7453
www.hcd.ca.gov



January 13, 2020

Kome Ajise
Executive Director
Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

Dear Executive Director Ajise:

RE: Review of Draft Regional Housing Need Allocation (RHNA) Methodology

Thank you for submitting the draft Southern California Association of Governments (SCAG) Sixth Cycle Regional Housing Need Allocation (RHNA) Methodology. Pursuant to Government Code Section 65584.04(i), the California Department of Housing and Community Development (HCD) is required to review draft RHNA methodology to determine whether the methodology furthers the statutory objectives described in Government Code Section 65584(d).

In brief, the draft SCAG RHNA methodology begins with the total regional determination provided by the California Department of Housing and Community Development (HCD) and separates it into two methodologies to allocate the full determination: projected need (504,970) and existing need (836,857).

For projected need, the household growth projected in SCAG's Connect SoCal growth forecast for the years 2020-2030 is used as the basis for calculating projected housing need for the region. A future vacancy and replacement need are also calculated and added to the projected need.

The existing need is calculated by assigning 50 percent of regional existing need based on a jurisdiction's share of the region's population within the high-quality transit areas (HQTAs) based on future 2045 HQTAs. The other 50 percent of the regional existing need is based on a jurisdiction's share of the region's estimated jobs in 2045 that can be accessed within a 30-minute driving commute. For high segregation and poverty areas as defined by [HCD/TCAC Opportunity Maps](#),¹ referred to by SCAG as extremely disadvantaged communities (DACs), existing need in excess of the 2020-2045 household growth forecast is reallocated to non-DAC jurisdictions within the same county.

--continued on next page--

¹ Created by the California Fair Housing Task Force and commissioned by HCD and the California Tax Credit Allocation Committee (TCAC) to assist public entities in affirmatively furthering fair housing. The version used in this analysis is the 2019 HCD/TCAC Opportunity Maps available at treasurer.ca.gov/ctcac/opportunity.asp.

--continued from previous page--

Within both the projected and existing need methodologies the four RHNA income categories (very low, low, moderate, and above moderate) are assigned to each jurisdiction by the use of a 150 percent social equity adjustment, which inversely adjusts based on the current incomes within the jurisdiction. An additional percentage of social equity adjustment is made for jurisdictions that have a high concentration of DACs or Highest Resource areas as defined by the HCD/TCAC Opportunity maps. Overall, the social equity adjustments result in greater shares of lower income RHNA to higher income and higher-resource areas.

HCD has completed its review of the methodology and finds that the draft SCAG RHNA Methodology furthers the five statutory objectives of RHNA.²

HCD acknowledges the complex task of developing a methodology to allocate RHNA to 197 diverse jurisdictions while furthering the five statutory objectives of RHNA. This methodology generally distributes more RHNA, particularly lower income RHNA, near jobs, transit, and resources linked to long term improvements of life outcomes. In particular, HCD applauds the use of objective factors specifically linked the statutory objectives in the existing need methodology.

Below is a brief summary of findings related to each statutory objective described within Government Code Section 65584(d):

1. 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.

The methodology generally allocates increased shares of lower income RHNA to jurisdictions that have higher housing costs. In support of a mix of affordability, the highest housing cost cities generally receive higher shares of lower income RHNA. Under this methodology the 15 cities with the highest median housing costs all receive greater than 50 percent of the RHNA as lower income RHNA. Beverly Hills with the 18th highest median housing costs receives the 25th highest share of lower income RHNA; Westlake Village with the 14th highest median housing costs receives the 12th highest share of lower income RHNA; Aliso Viejo with the 23rd highest median housing costs receives the 38th highest share of lower income RHNA; and Villa Park with the 10th highest median housing costs receives the 31st highest share of lower income RHNA.

2. 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.

The draft SCAG RHNA methodology furthers the environmental principles of this objective as demonstrated by the transportation and job alignment with the RHNA allocations.

--continued on next page--

² While HCD finds that this particular methodology furthers the objectives of RHNA, HCD's determination is subject to change depending on the region or cycle, as housing conditions in those circumstances may differ.

--continued from previous page--

3. 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.

Half of the existing need portion of the draft SCAG RHNA methodology is set based on the jurisdiction's share of the region's estimated jobs in 2045. While future looking job projections are important for housing planning, and housing built in the next decade will likely exist for 50-100 years or more, it is also critical to plan for the needs that exist today. This objective specifically considers the balance of low-wage jobs to housing available to low-wage workers. As part of HCD's analysis as to whether this jobs-housing fit objective was furthered by SCAG's draft methodology, HCD analyzed how the percentage share of the region's lower income RHNA compared to the percentage share of low-wage jobs.

For example, under the draft SCAG RHNA methodology Irvine would receive 1.84 percent of the region's lower income RHNA, and currently has 2.07 percent of the region's low-wage jobs, .23 percent less lower income RHNA than low-wage jobs for the region. Pomona would receive .71 percent of the region's lower income RHNA, and currently has .57 percent of the region's low-wage jobs, .13 percent more lower income RHNA than low-wage jobs for the region. Across all jurisdictions there is generally good alignment between low-wage jobs and lower income RHNA, with all but 15 jurisdictions within a half percent plus or minus difference between their share of lower income RHNA for the region and their percentage low-wage jobs for the region.

HCD is aware there has been some opposition to this current methodology from jurisdictions that received lower allocations under prior iterations; however it is worth noting that even if it is by a small amount, many of the jurisdictions that received increases are still receiving lower shares of the region's lower income RHNA compared to their share of the region's low-wage jobs. HCD recommends any changes made in response to appeals should be in the interest of seeking ways to more deeply further objectives without compromising other objectives.

4. 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.

This objective is furthered directly by the social equity adjustment factor included in the draft SCAG RHNA methodology. Jurisdictions in the SCAG region range from as little as 10.9 percent lower income households to 82.7 percent lower income households. The 20 jurisdictions with the greatest share of lower income households, 67.2-82.7 percent lower income households, would receive an average of 31.6 percent lower income share of their RHNA; compared to the 20 jurisdictions with the lowest share of lower income households, 10.9-25.1 percent lower income households, would receive an average of 59.1 percent lower income share of their RHNA. While the social equity adjustment explicitly responds to objective four, it also assists in the methodology furthering each of the other objectives.

--continued on next page--

--continued from previous page--

5. Affirmatively furthering fair housing, which 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.

HCD applauds the inclusion of the affirmatively furthering fair housing adjustment factor in the methodology. This factor directs more lower income RHNA to higher opportunity areas and reduces allocations in segregated concentrated areas of poverty, as defined in the [HCD/TCAC Opportunity Maps](#), which evaluate access to opportunity, racial segregation, and concentrated poverty on 11 dimensions, which are all evidence-based indicators related to long term life outcomes. 14 of the top 15 highest shares of lower income RHNA are in regions over 99.95 percent High and Highest Resource areas. These include: Imperial, La Habra Heights, Rolling Hills Estates, Hermosa Beach, La Cañada Flintridge, Palos Verdes Estates, Manhattan Beach, Rolling Hills, Agoura Hills, Rancho Palos Verdes, Westlake Village, San Marino, Eastvale, and Hidden Hills. With the exceptions of the cities of Vernon and Industry, the 31 jurisdictions with the highest share of lower income RHNA are all over 95 percent High and Highest Resource areas.

HCD appreciates the active role of SCAG staff in providing data and input throughout the draft SCAG RHNA methodology development and review period. HCD especially thanks Ping Chang, Kevin Kane, Sarah Jepson, and Ma'Ayn Johnson for their significant efforts and assistance.

HCD looks forward to continuing our partnership with SCAG to assist its member jurisdictions to meet and exceed the planning and production of the region's housing need.

Support opportunities available for the SCAG region this cycle include, but are not limited to:

- SB 2 Planning Technical Assistance (Technical assistance available now through June 2021)
- Regional and Local Early Action Planning grants (25 percent of Regional funds available now, all other funds available early 2020)
- SB 2 Permanent Local Housing Allocation (Available April – July 2020)

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Megan Kirkeby, Assistant Deputy Director for Fair Housing, megan.kirkeby@hcd.ca.gov.



Megan Kirkeby
Assistant Deputy Director for Fair Housing