



Update on HCD's *California's  
Housing Future 2040: The Next  
Regional Housing Needs Allocation*

ABAG Executive Board  
May 18, 2023

# Agenda



Context-Setting  
on RHNA Cycle 6



Overview of  
HCD's California  
Housing Future  
2040 Process



Review of HCD's  
Engagement  
Survey



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

## 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

# Statutory Background for HCD's Process

- AB 101 (2019) directs HCD, in collaboration with OPR, to develop recommendations related to the RHNA process and methodology that promote and streamline housing development and substantially address California's housing shortage.
- HCD is required to submit a report on its findings and recommendations to the Legislature by end of 2023.
- Effort limited to recommendations related to RHND and RHNA processes – not guidelines for development or review of Housing Elements.

Image Source: Flickr/Nick Ares (Creative Commons)



# Guiding Principles for HCD's *California Housing Future 2040: The Next RHNA*

- **Ensure RHNA is a fair, transparent, objective, and streamlined process** for identifying housing need.
- **Strategically plan for the needs of households of all income levels** while promoting infill development, the protection of natural resources, and efficient development patterns.
- **Account for future climate risk** with the goal of ensuring communities and vulnerable populations are not unduly exposed to climate risks.
- **Encourage increased development** to substantially address California's housing shortage and affordability issues.
- **Improve compliance and outcomes** through incentives and enforcement.
- **Enhance and protect RHNA's role in Affirmatively Furthering Fair Housing** so that all cities plan for their fair share of growth and future planning does not further entrench segregated living patterns.

# Stakeholder Engagement Focus Areas for HCD's *California Housing Future 2040: The Next RHNA*

- How can RHNA Cycle 7 better capture existing and projected housing needs?
- What potential process changes to save staff time & resources, increase transparency, and increase accountability could be implemented as part of RHNA Cycle 7?
- What strategies could be pursued to build on the important adjustments made for RHNA Cycle 6 that contributed to a more equitable RHNA?

Key engagement activities by HCD include:

- Sounding Board. Meetings of approximately 30 experts to address technical questions
- Public Survey. Open from March to May 2023
- Dedicated Email. HCD will consider feedback throughout the process at [CAHousingFuture2040@hcd.ca.gov](mailto:CAHousingFuture2040@hcd.ca.gov)



# HCD-Identified Topic #1: Populations Living in Group Quarters

## Context

HCD is exploring whether to include some populations residing in group quarters, such as university students, persons experiencing homelessness, etc., in the Regional Housing Need Determination for Cycle 7.

## Key Considerations Identified by ABAG Staff

- RHND already includes adjustments to address symptoms of a “broken” housing market (overcrowding, cost burden, low vacancy).
- Including people living in group quarters would lead to a higher RHND for all regions.
- While RHNA allocations would ultimately be higher, jurisdictions could then count group quarters on their Annual Progress Reports to HCD.
- Data gaps exist for all of these demographic groups, making this methodological change more challenging.

# HCD-Identified Topic #2: RHNA Methodology - COG Process

## Context

HCD is considering opportunities to improve a COG's RHNA process, including HCD offering guidance on how to further the RHNA statutory objectives, whether jurisdictions should be able to provide self-reported land use data for use in the RHND and RHNA processes, and strategies for improving the RHNA appeals process.

## Key Considerations Identified by ABAG Staff

- HCD could provide guidance identifying possible metrics for each RHNA objective, building on ABAG's Cycle 6 approach.
- Public datasets provide a level playing field for all jurisdictions, recognizing that jurisdictions with fewer resources are often at a disadvantage if asked to gather self-reported data.
- Statutory language related to the appeals process could be significantly clearer about the narrow grounds for an appeal, providing more clarity to interested jurisdictions.

# HCD-Identified Topic #3: Affirmatively Furthering Fair Housing

## Context

HCD is seeking input on additional strategies that could strengthen RHNA's effectiveness at Affirmatively Furthering Fair Housing and furthering community development and anti-displacement goals.

## Key Considerations Identified by ABAG Staff

- In addition to more clarity about potential metrics, HCD could provide better guidance on how to affirmatively further fair housing in the context of RHNA.
- HCD could offer guidance about how to balance the RHNA objective to affirmatively further fair housing with the objective to “balance disproportionate household income distributions.”

# HCD-Identified Topic #4: RHNA Methodology - Aligning State Planning Goals

## Context

HCD is exploring improvements to the regional housing and transportation planning processes to better align housing and transportation planning outcomes.

## Key Considerations Identified by ABAG Staff

- To allow time for completion of Plan Bay Area (i.e., the Sustainable Communities Strategy) prior to its use in a RHNA methodology, housing element due date should be adjusted to be at least 24 months after adoption of a Sustainable Communities Strategy.

# HCD-Identified Topic #5: Housing & Climate Hazards

## Context

HCD is seeking to identify ways RHNA could better consider climate-related environmental hazards, assess which areas have the highest risk exposure, and help communities develop in ways that reduce environmental hazard exposure for residents, particularly for disadvantaged and historically underserved populations.

## Key Considerations Identified by ABAG Staff

- HCD should recommend use of public datasets that are consistent for all jurisdictions when identifying areas of climate risk.
- Recent legislation added impacts caused by climate change to allocation factor for evaluating housing opportunities and constraints.
- As all jurisdictions face some level of climate-related hazards, HCD should focus its efforts on providing data, guidance, and financial resources to help jurisdictions minimize risk while increasing housing supply at all income levels.

# ABAG Executive Board: Ideas for Changes to RHNA Process

At the end of RHNA Cycle 6, ABAG Executive Board members identified potential changes to RHNA.

The following are those ideas that align with HCD's focus on RHND and RHNA, or that require changes to State Law:

- Potential new methodology factors could include jurisdictions with low property tax receipts, hazards or impacts from climate change, and water capacity.
- Concern that State's definition of High Opportunity Areas does not consider transit proximity.
- Provide more guidance about COG's analysis of available land suitable for urban development and potential for increased residential development under alternative zoning and land use restrictions.
- Allow city-to-city RHNA transfers, in addition to transfers from unincorporated county to a city or town that are currently allowed.
- Jurisdictions should have more options for credit toward RHNA goals:
  - Make it easier to get credit for preserving affordable housing.
  - Allow credit in the current RHNA cycle for issuing permits in excess of the allocation from a previous cycle.
- The State should offer greater clarity about potential remedies if it became impossible for a jurisdiction to accommodate its RHNA as a result of drought.

# HCD's Timeline & Next Steps

- March - May 2023: Stakeholder Engagement
  - May 3: Sounding Board meeting #1
  - **May 12: deadline for survey responses**
  - May 15: Sounding Board meeting #2
  - May 31: Sounding Board meeting #3
  - June 5: Sounding Board meeting #4
- July 1, 2023: HCD Progress Update to Legislature
- Dec 31, 2023: Final Recommendation Report Due to the Legislature

## Helpful HCD Resources

California's Housing Future 2040  
webpage: [https://www.hcd.ca.gov/  
planning-and-community-  
development/regional-housing-  
needs-allocation](https://www.hcd.ca.gov/planning-and-community-development/regional-housing-needs-allocation)

Dedicated email inbox:

[CAHousingFuture2040@hcd.ca.gov](mailto:CAHousingFuture2040@hcd.ca.gov)

# Thank You

For more information:

Contact: [RHNA@bayareametro.gov](mailto:RHNA@bayareametro.gov)

Visit ABAG's RHNA website:

<https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation>

