

Regional Housing Need Planning (All Other Local Governments Cycle)



**California Department of Housing & Community Development (HCD)
Housing Policy Development Division**

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State Housing Law: Government Code (Article 10.6) 65580 et.seq.

Legislature's Declarations and Intent:

- **Availability of housing is of vital statewide importance**
- **State and local governments have responsibility to make adequate provision for the housing needs of all economic segments of the community (a.k.a “fair share planning” of housing need for very-low, low, moderate, and above-moderate income persons)**
- **All communities are responsible for planning to accommodate both resident population and growth in new households expected to reside within the area**
- **Local governments will prepare and implement housing elements toward attainment of the State's housing goals**

Regional Housing Need Planning and Allocation is Subject to these Statutory Objectives:

- **Increasing the housing supply & mix of housing types, tenure, & affordability in all jurisdictions**
- **Promoting infill development & socioeconomic equity, protection of environmental & agricultural resources, & encouraging efficient development patterns**
- **Promoting improved intraregional jobs-housing relationship**
- **Balancing disproportionate household income distributions**

Related Planning Efforts

- **Regional Transportation Plan (RTP) updates**
- **Regional Blueprint Planning (e.g. San Joaquin Valley Project)**
- **Updates of LAFCO Municipal Service Boundaries & Sphere's of Influence**

Regional Housing Needs Planning

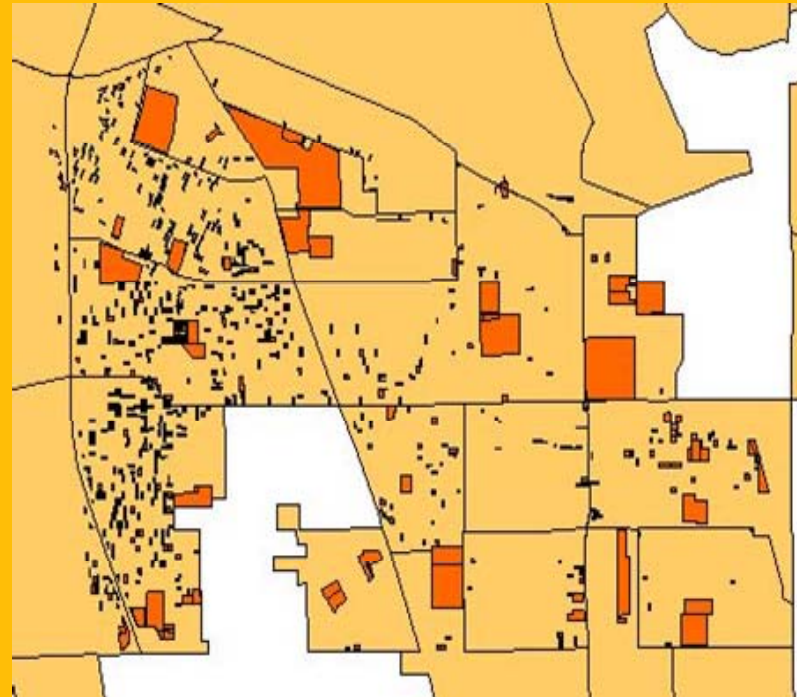
- **Requires periodic updating of the general plan's Housing Element (HE).** HEs approximate 5 - 6 year planning periods and must be submitted to HCD for review of draft and certification of adopted HE
- **HE update incorporates regional housing need allocation (RHNA) (per **GC 65584**).** The RHNA involves . . .
 - A process quantifying each jurisdiction's existing and projected housing needs
 - Intergovernmental cooperation involving State government, Councils of Governments (COGs) and county and city governments
 - Coordination with transportation planning
 - Development by COGs of a regional or county allocation plan (RHNA Plan) of minimum amounts of housing for each city and county to update their HE to ensure adequate site capacity and/or programs to accommodate and address all housing needs

RHNA is used within Housing Element Update of each City and County

- Regional Housing Need Allocation Process (RHNA Plan data/information)
- Housing Element Components
 - ✓ **Public Participation** (plan citizen participation for Housing Element update)
 - ✓ **Results of Previous Element** (assess effectiveness of programs)
 - ✓ **Housing Needs Assessment:**
 - **Existing** Conditions & Needs
 - **Projected** Housing Needs (from RHNA plan)
 - ✓ Land Inventory (demonstrate site capacity to accommodate RHNA)
 - ✓ **Constraints Analysis** (impediments restricting needed housing)
 - Governmental
 - Non-governmental
 - ✓ Programs (identify actions to remedy any gap between existing land inventory and RHNA)
 - ✓ **Quantified Objectives** (estimate new construction by Income Group)

The Housing Element Land Inventory must accommodate RHNA

- **Current & Proposed Sites for Residential Development Within 5-yr. Planning period:**
 - Undeveloped
 - Redevelopment or infill
 - Proposed for annexation
 - Mixed Uses; Transit-Oriented Development



Regional Housing Need Allocation . . .

The RHNA is . . .

- A projection of additional housing units needed to accommodate projected household growth of all income levels by the end of the housing element's statutory planning period

The RHNA is not a . . .

- Prediction of additional housing units or building permit activity
- Quota of housing that must be produced
- Limitation due to existing land use capacity or growth control

Factors to be Considered in Methodology to Distribute RHNA:

- (1) Jobs and housing relationships
- (2) Development opportunities and constraints:
 - (A) Capacity for sewer or water service
 - (B) Availability of land suitable for urban development
 - (C) Lands preserved or protected from urban development
 - (D) County policies to preserve prime agricultural land
- (3) Distribution of household growth of RTPs
- (4) Market demand for housing
- (5) Direct growth toward incorporated areas
- (6) Loss of units contained in assisted housing developments
- (7) High housing costs burdens
- (8) Housing needs of farmworkers
- (9) Housing needs generated by presence of private or State University
- (10) Other factors (e.g. LAFCo Sphere of Influence, Municipal Service Review)

RHNA & Housing Element Due Dates (All Other Local Governments)

➤ RHNA PROCESS:

- HCD: Consultation/Determination: Before August 30, 2007
- COG: Adopts Plan: Before August 30, 2008

➤ Housing Element Update:

- August 30, 2009 is due date to adopt updated housing element
- HCD, in May 2007, granted 60 day extension to statutory due date of June 30, 2009, due to DOF updating projections

RHNA Transfer*

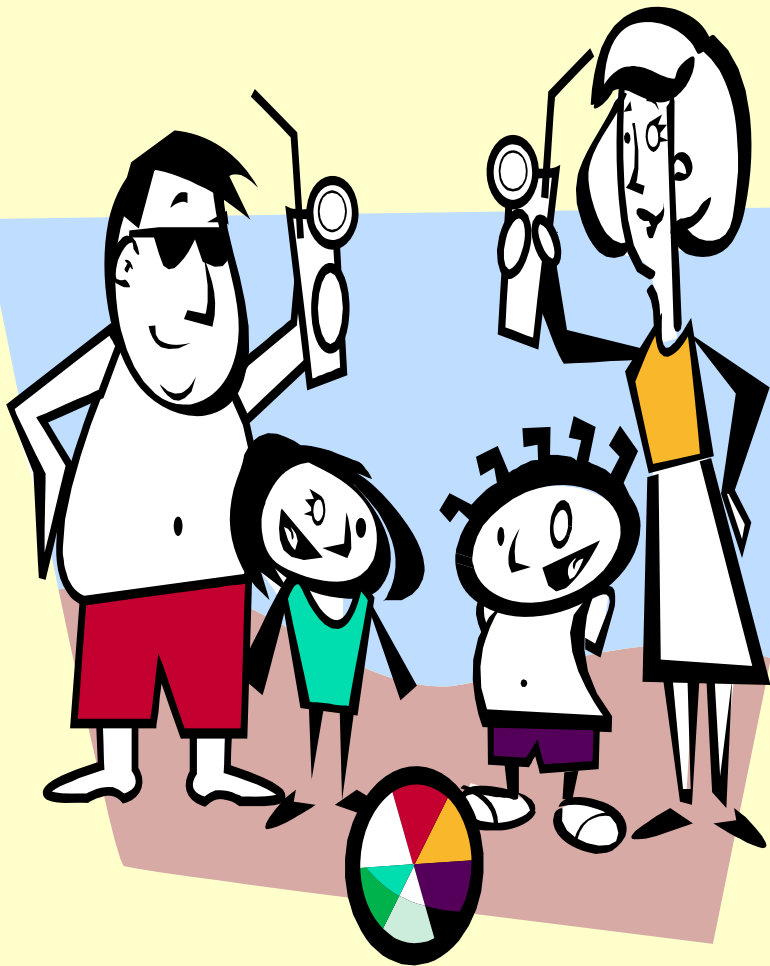
RHNA transfer limitations (1 year) (no net reduction)

- **County to existing City:** Only a county (until due date of its Housing Element) can transfer a RHNA share (only to cities within the county) providing ALL the following is met:
 - Cities agree to accept transfer
 - County's transfer of very-low and low is proportional to transfer of moderate and above-moderate RHNA
 - COG verifies compliance and approves transfer
- **County to new city:** within 1 year of incorporation both local governments determine transfer or request COG to make determination

Where the RHNA #'s come from

- **DOF, using its population projections, prepares household growth projections for HCD for each affected county according to housing element update cycle**
- **HCD, using DOF household projections + adjustments for vacancies & replacement housing, prepares housing need projections for consultation with COG, including consideration of population forecasts used in regional transportation plans**
- **HCD provides the region's housing need determination to COG; multi-county COGs are provided county-level data for regional determination (allocation within region is at COG's discretion). Section 65584.03 authorizes COGs to delegate process to subregions.**
- **COG actions:**
 - **prepare draft RHNA methodology (in consultation with HCD)**
 - **provide 60-day public comment period**
 - **finalize RHNA methodology & provide draft RHNA to jurisdictions**
 - **provide jurisdictions 60 days to appeal & public 45 days to comment**
 - **conduct public hearing, adopt, & submit RHNA plan to HCD for acceptance**

Largest Component of RHNA is Household Growth, which is:



- Done by DOF using a demographic method based on projected growth in household population
- Projected from household population developed by subtracting group quarters from projected population
- Based on headship rates applied to household population
- Population projections done by age and ethnicity

DOF Population Estimation Process

Population Projection Formula:

$$P_n = P_0 + B - D + NM$$

- P_n = *projected population*
- P_0 = *beginning population*
- B = *births*
- D = *deaths*
- NM = *net migration*

Assumptions are applied to:

- Fertility (rates are age and race/ethnicity specific)
- Mortality
- Migration (domestic & foreign)



DOF Projects Population and Households

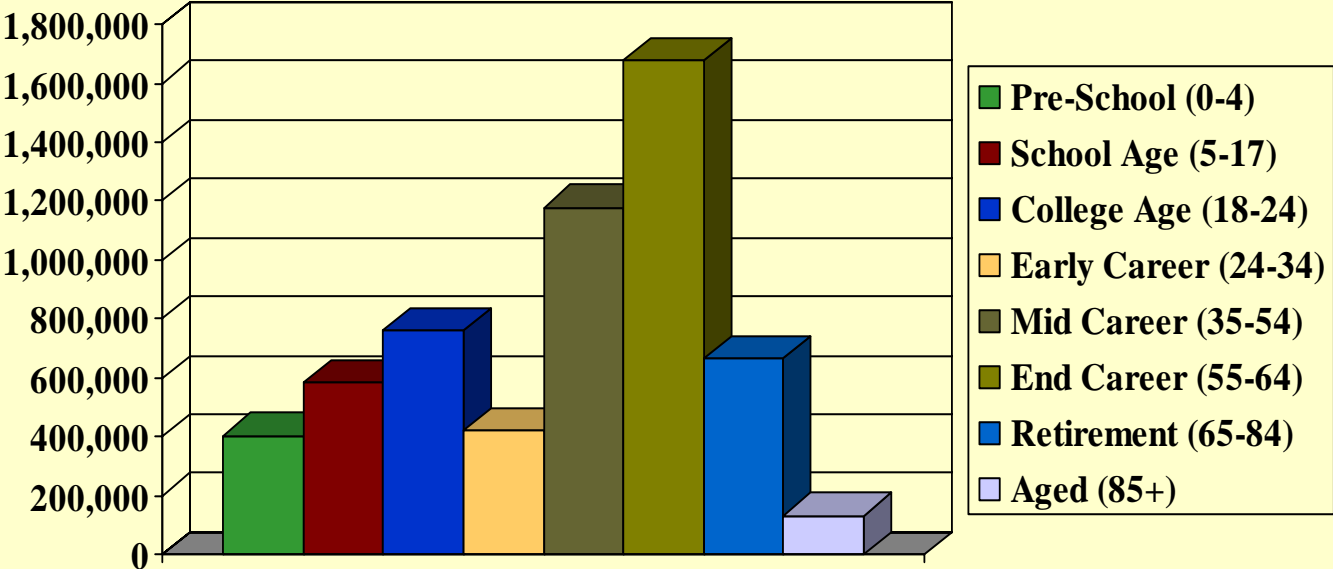
Population projections are done for cohorts:

- Age
- Sex
- Race/Ethnicity

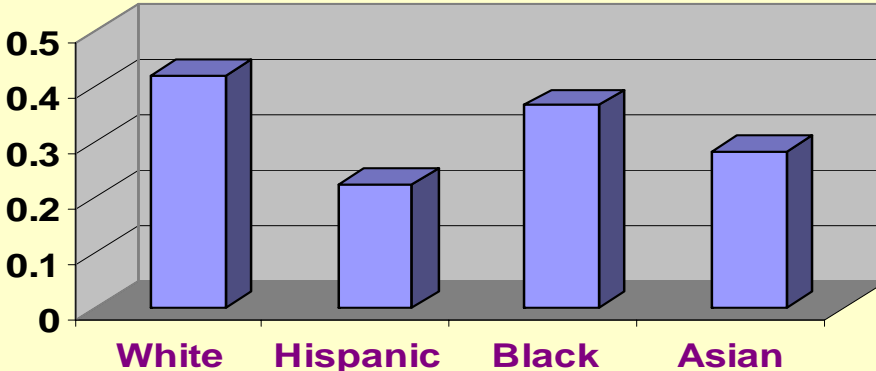
Household projections are done by applying *headship rates* (household formation ratios) to household population (total projected population minus group quarters)

DOF Determined Headship Rates Vary by Cohort

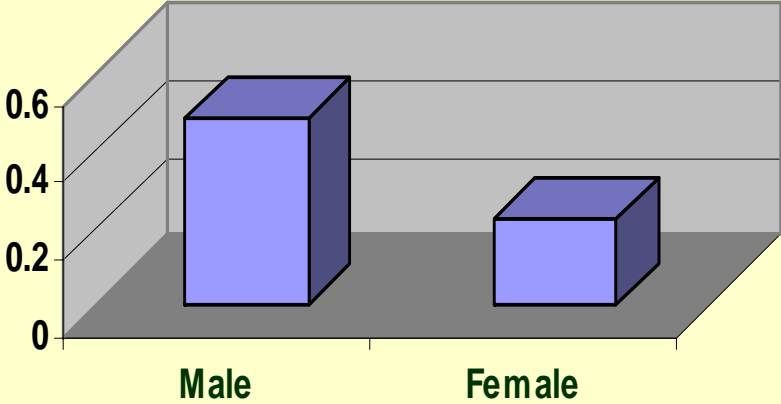
Age (1990)



Race/Ethnicity (1990)



Sex (1990)



Housing Need Determinations for Different Regions, Counties or Areas Reflect . . .

- Variation in rates of population growth (or decline)
- Variations in age, race/ethnicity, and sex of population. These variations result in different rates of housing consumption and demand.

Projected Housing Need

1. The Projected Household Growth associated with Projected Population Growth is based on household formation ratios (headship rates) determined based on different periods, e.g, household formation rates from 1990 vs. 2000
 2. Plus a Vacancy & replacement housing unit allowance
- = Housing Unit Capacity to Plan for, or RHNA

RHNA: How Range of Housing Need is Determined

1. Projected **Household** Growth between two different periods (e.g. base year DOF “occupied” units vs. DOF projected “households” at end year of planning period) is based on:
 - ✓ Projected **Population** Growth and
 - ✓ Household **formation rates** (e.g. Census 2000, DOF post-2000)
 2. Plus allowances for:
 - ✓ Vacancies
 - ✓ Replacements housing unit allowance
-
- = _____ **RHNA** (new housing unit “capacity”)