California's Housing Future 2040: The Next RHNA

CALCOG Webinar 12/17/24

What is RHNA?

2.5 MILLION HOMES NEEDED

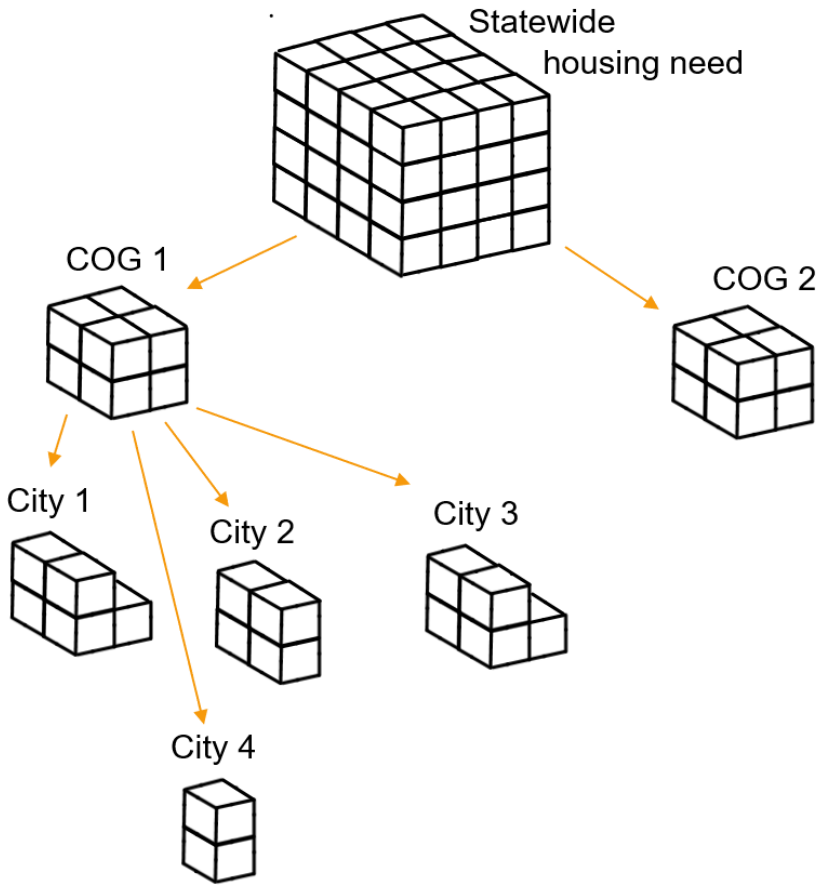
Very Low Income
643,352

Low Income
384,910

Moderate Income
420,814

Above Moderate Income
1,051,177

Understanding RHNA

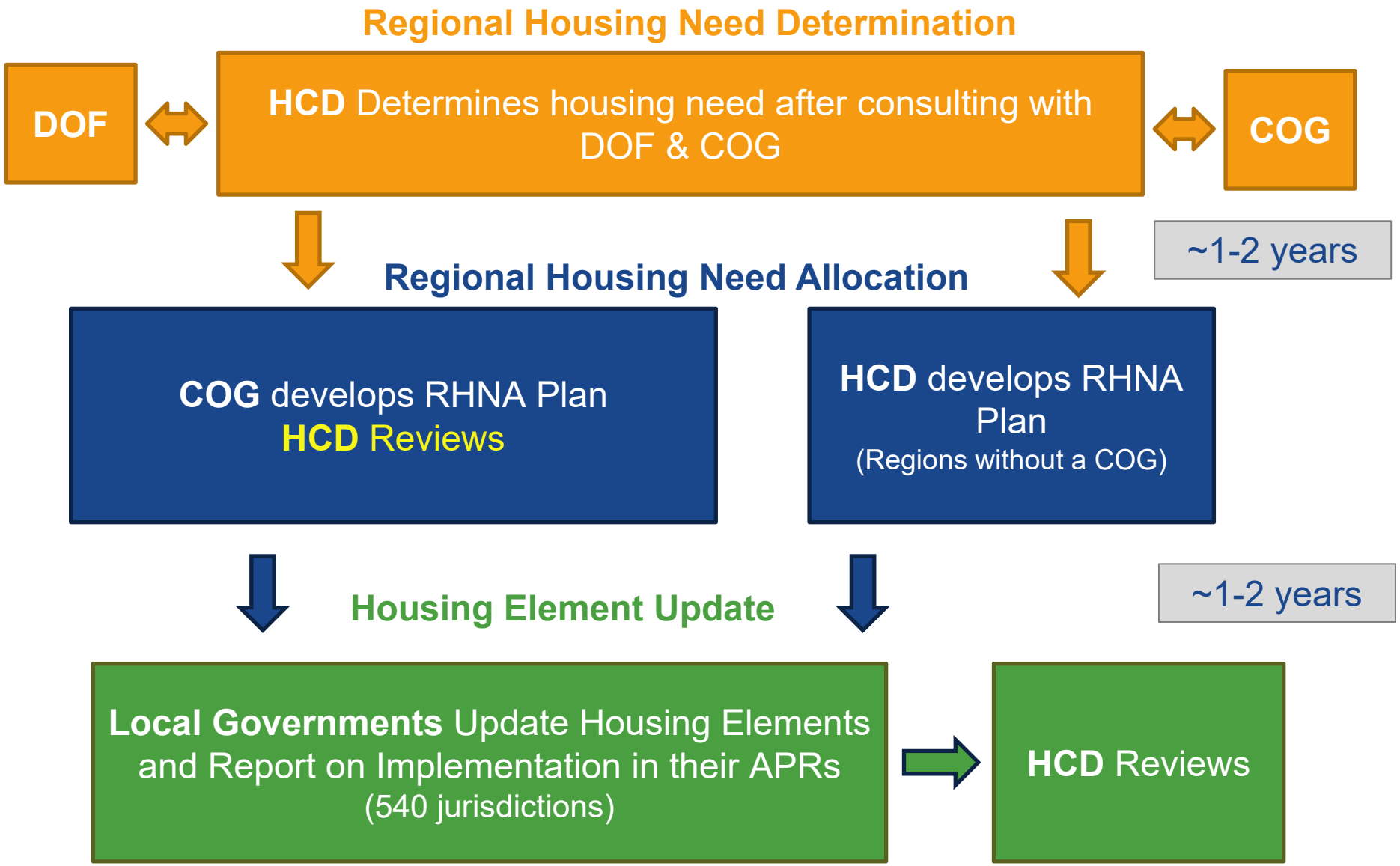


The RHNA process refers to the creation of the big housing need number for each region (**Determination**/Assessment), and how that big number is distributed to cities and counties (**Allocation**/Distribution)

Understanding RHNA

- RHNA is
  - A **quantification of housing needs** for a region at all income levels, based on population growth projections and other factors
  - A **planning** requirement implemented by local govts updating the housing element
- RHNA is not
  - A prediction of building permit, construction, or housing activity
  - A ceiling of potential housing market demand or production
  - Limited due to existing land use capacity or growth (rezoning is often necessary to accommodate RHNA)

Regional Housing Need Process



Data Used in the Determination

- Anticipated household growth
- Household size trend data
- Overcrowding rate
- The rate of household formation, based on age, gender, ethnicity, or other established demographic measures.
- The vacancy rates in existing housing stock, and the vacancy rates for healthy housing market functioning and regional mobility, as well as housing replacement needs.
- The relationship between jobs and housing
- Cost burden
- The loss of units during a state of emergency

RHNA Determination

	RHNA Determination Factors
1.	Projected Population at end of cycle, less group quarters population
2.	Convert Projected Population to Projected Households
3.	Adjustment increase for average housing unit replacement, unhealthy vacancy rates (renter and owner), cost burden, overcrowding, relationship between jobs and housing, and units lost during a state of emergency
4.	Less: Occupied Units Projection Period Start
5.	RHNA Determination (by income category)

Allocation - 5 Statutory Objectives of RHNA

- Increase housing supply & mix of housing types, tenure, & affordability in an equitable manner
- Promote infill development & socioeconomic equity, protect environmental & ag resources, & encourage efficient development patterns (the State "planning priorities")
- Promote improved intraregional jobs-housing relationship including jobs-housing fit
- Balance disproportionate household income distributions (more lower income RHNA to higher income areas)
- Affirmatively furthering fair housing (AFFH).

COG Allocation Methodology Factors

1. Existing and projected jobs and housing relationship
2. Housing opportunities and constraints
   - inadequate capacity of infrastructure/services
   - availability of suitable land
   - preserved/protected/prime agricultural land
   - Emergency evacuation route capacity, wildfire risk, sea level rise, and other impacts caused by climate change
3. Distribution of household growth assumed for comparable period of RTP
4. County-city agreement to direct growth toward city
5. Loss of publicly assisted housing units
6. High housing cost burdens
7. Overcrowding
8. Farmworker housing needs
9. Housing need generated from private or public university
10. Housing Needs of those experiencing homelessness
11. Loss of units during a state of emergency
12. Greenhouse gas emissions targets
13. Other factors adopted by the COG that further or at minimum do not conflict with statutory objectives

COG Allocation Methodology

HCD Consultation

Data Factors from survey

Analysis of Impediments/Fair Housing Assessment strategies/action

Public Participation

Allocation Methodology
(must further 5 statutory objectives)

Allocation Plans & Appeals Period

- Draft Allocation Plan Released by COGs (18 months prior to housing element due date)
- Appeal Period – appeals shall be limited to any of the following circumstances:
  1. Data factors described in the survey were not adequately considered
  2. The allocation was not made pursuant to the methodology that was created and was made in a manner that does not further the objectives
  3. A significant and unforeseen change in circumstances has occurred in the local jurisdiction

The California's Housing Future 2040: The Next RHNA Report

What's the Impact?

- A more accurate accounting of true housing need for all existing and future Californians
- Allocation of housing need number in a manner that better adheres to our state climate change, equity, and economic goals
- A streamlined, transparent RHNA process that is easier to understand, more focused on the statutory objectives, saves staff time, with fewer opportunities for gamesmanship

Background

- AB 101 (2019) directed HCD, in collaboration with OPR and after engaging in stakeholder participation, to develop a recommended improved regional housing needs allocation (RHNA) process and methodology that promotes and streamlines housing development and substantially addresses California's housing shortage.

Major Stakeholder Engagement Accomplishments at a Glance

- 4-month stakeholder engagement period & creation of public email inbox
  - Received 38 email comments
- Public survey released alongside webinar & received 356 responses
- Convened Sounding Board for 4 virtual 2-hour facilitated brainstorming sessions. This included ~30 key stakeholders
- Held 32 1:1 listening sessions

Sounding Board Participants

- Academic Representatives
  - Ben Metcalf – Terner Center for Housing Innovation at the University of California at Berkeley
  - Chris Elmendorf – Professor of Law at the UC Davis School of Law
  - Dowell Myers – Professor of Policy, Planning, and Demography at the USC Sol School of Public Policy
  - Paavo Monkkonen – Professor of Urban Planning and Public Policy at the UCLA Luskin School of Public Affairs
- American Planning Association California Chapter (APA California)
- Assembly Housing Committee
- Association of Bay Area Governments (ABAG)
- California Air Resources Board (CARB)
- California Association of Councils of Governments (CALCOG)
- California Building Industry Association (CBIA)
- California Business, Consumer Services, and Housing Agency (BCSH)
- California Rural Legal Assistance Foundation (CRLAF)
- California YIMBY
- Center for Continuing Study of the California Economy (CCSCE)
- Demographic Research Unit of the California Department of Finance (DOF)
- Fresno Council of Governments
- Governor's Office of Planning and Research (OPR)
- Kennedy Commission
- Leadership Counsel for Justice and Accountability
- League of California Cities (Cal Cities)
- Merced County Association of Governments (MCAG)
- Public Advocates
- Public Interest Law Project (PILP)
- Rural County Representatives of California (RCRC)
- Sacramento Area Council of Governments (SACOG)
- San Diego Association of Governments (SANDAG)
- Senate Housing Committee
- Southern California Association of Governments (SCAG)
- Urban Counties of California
- YIMBY Law

1:1 Listening Sessions

- Abundant Housing LA
- Academics
- Aging Stakeholders
- Board of Forestry
- CAL FIRE
- California Air Resources Board
- CAL OES
- CalSTA, California Transportation Commission, & Caltrans
- CBIA
- CCRH
- Coastal Commission
- COGs & CALCOG
- Demographers
- Department of Conservation
- Department of Finance Demographic Research Unit
- Farmworker Housing Stakeholders
- Homelessness Experts
- Housing Leadership Council of San Mateo County
- Humboldt County Stakeholders
- Othering and Belonging Institute & Terner Center
- Public Advocates
- Public Interest Law Project
- State of Oregon Housing Needs Analysis Staff
- State Water Control Board

High-level Themes from Stakeholders

Overall

- The urgent importance of meeting the housing need for all Californians
- Streamline & simplify the RHNA process
- HCD, DOF, and the COGs should ensure their processes are transparent, accessible, and easy to understand

High-level Themes from Stakeholders

Size of RHNA – Assessing the Need

- Importance of accounting for cost burden and pent-up housing needs of existing population
- Importance of improving how HCD accounts for the housing needs of people experiencing homelessness
- Importance of considering the differing housing needs and adjustments needed by income level

High-level Themes from Stakeholders

Distribution of RHNA in line with State Priorities

- Importance of encouraging new housing near community assets and daily destinations
- Requests for additional TA and objective guidance from HCD to better assist COGs in developing allocation methodologies
- Desire to reexamine the list of allocation methodology factors and bases for appeals
- Further consideration of how RHNA is planned for in unincorporated areas
- Desire for further alignment between the RHNA and the RTP/SCS growth projections

California's Housing Future 2040

The Next Regional Housing Needs Allocation (RHNA)

California Department of Housing and Community Development

April 2024

Recommendation Report Structure

Outline

- Introduction
  - Background of RHNA
  - Scope & Structure of the Report
  - Stakeholder Engagement Summary
- Recommendations
  - Determination-Related Recommendations
  - Allocation-Related Recommendations
  - Process-Related Recommendations
- Policy Considerations
- HCD Future Implementation Efforts
- Appendix

Recommendation Report Structure

Included in Each Topic

Recommendations are organized by topics. Each topic has the following subsections, as applicable:

- Introduction
- Summary of stakeholder feedback
- Recommendations for statutory changes
- HCD-Provided Technical Assistance Changes (if any)

Recommendations (10)

- Determination-Related
  - (Done! AB 3093) ~~Account for the Housing Needs of People Experiencing **Homelessness** (Topic #1)~~
  - Tie the RHND More Closely to the DOF HH Projections (Topic #2)
  - Adjust How Populations Living in **Group Quarters** are Treated in the Determination & Credit a Wider Range of Housing Types in APRs (Topic #3)
  - Replace the **Comparable Regions** Option with a Comparison to the National Average (Topic #4)

Recommendations continued

- Allocation-Related
  - Further & Balance the **5 Statutory Objectives** of RHNA, including **AFFH** (Topic #5)
  - Revise the Allocation **Methodology Factors** to Increase Clarity and Improve Outcomes (Topic #6)
  - Revise the Local Data Survey Requirements (Topic #7)
  - Refine the Appeals Process to Increase Clarity and Efficiency (Topic #8)
  - (Done! SB7) ~~Promote Equitable Public Participation During the Allocation Methodology Development Process (Topic #9)~~
- Process-Related
  - Improve RHNA & **RTP/SCS Alignment** (Topic #10)

Policy Considerations (3)

- Adjust the Income Distribution to Better Address the Housing Needs of All Regions (Policy Consideration #1)
- Explore Assigning Units Lost During a State of Emergency Declaration to the Overall Allocation (Policy Consideration #2)
- (Done!) ~~Explore Ways to Clarify the RHNA Process and Simplify Language in Statute (Policy Consideration #3)~~

HCD Future 7th Cycle Implementation Efforts (9)

- Apply the **Cost Burden & Overcrowding** Determination Adjustment Factors to Existing HHs (HCD Implementation Effort #1)
- Improve the Precision of the **Vacancy Rate** Determination Adjustment Factor HCD Implementation Effort #2)
- Refine the **Jobs/Housing** Determination Adjustment Factor (HCD Implementation Effort #3)
- Account for Housing Lost to Vacation Homes & **Short-Term Rentals** (HCD Implementation Effort #4)
- Increase **Transparency** During the Determination Process (HCD Implementation Effort #5)
- Adjust the **Income Distribution** to Better Address the Housing Needs of All Regions (HCD Implementation Effort #6)
- Adjust How Populations Living in Group Quarters are Treated in the Determination and Credit a Wider Range of Housing Types in APRs (HCD Implementation Effort #7)
- Reduce Allocation to Unincorporated Areas Outside of Population Centers (HCD Implementation Effort #8)
- Improve Technical Assistance for the Subregion Process (HCD Implementation Effort #9)

Helpful Links & Resources

- RHNA
  - RHNA Webpage (Among other resources, every final determination letter is available on the RHNA webpage)
  - CA's Housing Future 2040: The Next RHNA Report
- Housing Elements
  - Housing Element Webpage
  - Housing Element Cycle Schedule
  - Housing Element Building Blocks
  - Housing Element Review & Compliance Report
  - Housing Element Review Letters
  - Housing Element Guidance Memos
- Annual Progress Reports Dashboard

Thank you!

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