

**Regional Housing Need Allocation (RHNA)**

**Subject:** Report on Regional Housing Need Allocation (RHNA)

**Background:** Staff will introduce the Regional Housing Need Allocation (RHNA) process for the 2022-2030 period.

RHNA is the state-mandated<sup>1</sup> process to identify the number of housing units (by affordability level) that each jurisdiction must accommodate in the Housing Element of its General Plan. As part of this process, the California Department of Housing and Community Development (HCD) develops the total housing need determination (RHND) for the Bay Area for an eight-year period (in the next cycle, from 2022 to 2030). ABAG has an opportunity to consult with HCD on the forecast assumptions used in the RHND.

ABAG must then develop a methodology to distribute this need to local governments in a manner consistent with the development pattern in Plan Bay Area 2050. RHNA statutes outline a detailed process and schedule for how ABAG must develop an allocation methodology that meets the statute's objectives. The methodology must consider 12 statutory factors and accomplish two outcomes:

- Allocate a share of housing need (in units) to each jurisdiction
- Identify each jurisdiction's share of need by income category<sup>2</sup>

The RHNA objectives and methodology factors are summarized in **Attachment A**.

After ABAG adopts the methodology it issues a draft allocation to jurisdictions. Jurisdictions and HCD then have an opportunity to appeal a jurisdiction's allocation. After ABAG takes action on the appeals, it issues the final allocation. Each local government must then revise its Housing Element to show how it plans to accommodate its portion of the region's housing need. The Housing Element must include an inventory of sites that have been zoned for sufficient capacity to accommodate the jurisdiction's RHNA allocation. ABAG's formal role within RHNA ends with adoption of the final allocation—it does not have a say in approval of local jurisdictions' Housing Elements. **Attachment B** shows the schedule of key milestones for the RHNA process.

**Issues:** **Recent legislation will result in the following key changes for this RHNA cycle:**  
Expected higher total regional housing need. HCD's identification of the region's total housing need has changed to account for unmet existing need, rather than only projected housing need. HCD is now required to consider overcrowded households, cost burdened households, and a minimum target vacancy rate.

RHNA plan and local Housing Elements must affirmatively further fair housing. According to HCD, achieving this objective includes preventing segregation and poverty concentration as well as increasing access to areas of opportunity. HCD has mapped Opportunity Areas<sup>3</sup> and will develop guidance for jurisdictions about how to address affirmatively furthering fair housing in Housing Elements.

More HCD oversight of RHNA. ABAG and subregions must now submit the draft allocation methodology to HCD for review and comment.

<sup>1</sup> Government Code §65584

<sup>2</sup> Very Low Income is 0-50% of Area Median Income (AMI), Low Income is 50-80% of AMI, Moderate Income is 80-120% AMI, and Above Moderate is 120%+ AMI. For reference, the county AMI for a four-person household ranges from \$83,700 in Solano County to \$125,200 in Santa Clara County.

<sup>3</sup> See <https://www.treasurer.ca.gov/ctcac/opportunity.asp>

Identifying Housing Element sites for affordable units will be more challenging. Recent legislation has limited the extent to which jurisdictions can reuse sites included in previous Housing Elements and increased the level of scrutiny of small, large, and non-vacant sites when these sites are proposed to accommodate units for very low- and low-income households.

**Housing Methodology Committee** – For the last three RHNA cycles, ABAG has convened an ad hoc Housing Methodology Committee (HMC) to advise staff on the allocation methodology and to ensure the methodology and resulting allocation meet statutory requirements and are consistent with the development pattern of the RTP/SCS. ABAG staff is recommending to again convene an HMC that includes local elected officials and staff as well as regional stakeholders to facilitate sharing of diverse viewpoints across multiple sectors. The proposed HMC will include an elected official, city staff person, and county staff person from each of the nine counties, with additional representation for Alameda, Contra Costa, and Santa Clara counties. Staff is proposing to invite elected officials and regional stakeholders who are members of the ABAG Regional Planning Committee (RPC) to self-nominate for inclusion on the HMC. Staff will also seek self-nominations for the local staff to be included on the HMC. The HMC will provide regular updates on development of the allocation methodology to the RPC, which will forward its recommendation about the proposed methodology to the ABAG Executive Board.

**Subregions** – Housing Element law allows two or more jurisdictions to form a “subregion” to conduct a parallel RHNA process to allocate the subregion’s housing need among its members. A subregion is responsible for conducting its own RHNA process that meets all of the statutory requirements related to process and outcomes, including developing its own RHNA methodology, allocating a share of need to each member jurisdiction, and conducting its own appeals process. The subregion’s final allocation must meet the same requirements as the regional allocation: it must further the statutory objectives, have considered the statutory factors, and be consistent with the development pattern of the SCS. **Attachment C** is a draft letter and fact sheet about subregions that will be sent to jurisdictions to let them know about the opportunity to form a subregion.

**Next Steps:** Staff will present the proposal for the HMC to the ABAG Executive Board for approval in July.

Staff will send information to local jurisdictions about the RHNA process and schedule, the opportunity to form a subregion, and changes to Housing Element law.

**Attachments:** **Attachment A:** RHNA Objectives and Factors  
**Attachment B:** 2022-2030 RHNA and RTP/SCS Key Milestones  
**Attachment C:** Subregions Draft Letter and Fact Sheet  
**Attachment D:** Presentation

## RHNA Objectives and Factors

### Summary of RHNA Objectives (from Government Code §65584(d) and (e))

The regional housing needs allocation plan shall further all of the following objectives:

- (1) Increase housing supply and mix of housing types, tenure, and affordability all cities and counties within the region in an equitable manner
- (2) Promote infill development and socioeconomic equity, protect environmental and agricultural resources, encourage efficient development patterns, and achieve GHG reduction targets
- (3) Promote improved intraregional jobs-housing relationship, including balance between low-wage jobs and housing units affordable to low-wage workers in each jurisdiction
- (4) Balance disproportionate household income distributions (more high-income RHNA to lower-income areas and vice-versa)
- (5) Affirmatively further fair housing

### Summary of RHNA Factors (from Government Code §65584.04(d))

- (1) Existing and projected jobs and housing relationship, particularly low-wage jobs and affordable housing
- (2) Lack of capacity for sewer or water service due to decisions outside the jurisdiction's control.
- (3) The availability of land suitable for urban development.
- (4) Lands protected from urban development under existing federal or state programs
- (5) County policies to preserve prime agricultural land.
- (6) The distribution of household growth assumed for regional transportation plans and opportunities to maximize use of public transportation and existing transportation infrastructure.
- (7) Agreements between a county and cities in a county to direct growth toward incorporated areas of the county
- (8) The loss of units in assisted housing developments as a result of expiring affordability contracts.
- (9) The percentage of existing households paying more than 30 percent and more than 50 percent of their income in rent.
- (10) The rate of overcrowding.
- (11) The housing needs of farmworkers.
- (12) The housing needs generated by the presence of a university within the jurisdiction.
- (13) The loss of units during a state of emergency that have yet to be rebuilt or replaced at the time of the analysis.
- (14) The region's greenhouse gas emissions targets provided by the State Air Resources Board.

## ABAG 2022-2030 RHNA and Plan Bay Area 2050 Key Milestones

*Per Government Code §65588(e)(3)(A), the Housing Element Due Date is 18 months after adoption of the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). Plan Bay Area 2050, the next regional plan, is scheduled to be adopted in June 2021, with the Housing Element Due Date in December 2022. This schedule assumes that there are subregions. Dates are tentative and subject to change.*

	Key Milestones	Deadline
1	Plan Bay Area 2050 and RHNA Kickoff	September 2019
2	Release Draft Plan Bay Area 2050 Regional Growth Forecast, Adopt Growth Framework Update	September 2019
3	Jurisdiction Survey on RHNA factors, Fair Housing <sup>1</sup>	December 2019
4	Deadline for Subregions to Form <sup>2</sup>	February 2020
5	Adopt Final Plan Bay Area 2050 Regional Growth Forecast; Release Plan Bay Area 2050 Draft Preferred Scenario	April 2020
6	Dept. of Housing and Community Development (HCD) Issues RHND <sup>3</sup>	April 2020
7	Release Proposed Methodology, <sup>4</sup> Release Draft Subregion Shares	May 2020
8	Public Hearing on Proposed Methodology, Subregion Shares	June 2020
9	Adopt Plan Bay Area 2050 Preferred Scenario	July 2020
10	Assign Subregion Shares <sup>5</sup>	July 2020
11	Release Draft Methodology and Submit to HCD for Review <sup>6</sup>	September 2020
12	Release Plan Bay Area 2050 Draft Plan and EIR	January 2021
13	Adopt Final Methodology after 60-day HCD Review Period <sup>7</sup>	January 2021
14	Release Draft Allocation <sup>8</sup>	January 2021
15	Deadline for Appeals to Draft Allocation <sup>9</sup>	March 2021
16	Comment Period on Appeals Received <sup>10</sup>	April 2021
17	Public Hearing on Local Appeals <sup>11</sup>	May 2021
18	Decision on Appeals, Issue Final Allocation <sup>12</sup>	May 2021
19	Adopt Plan Bay Area 2050 Final Plan and EIR	June 2021
20	Public Hearing to Adopt Final Allocation Plan <sup>13</sup>	July 2021
21	HCD Determination of Consistency with Housing Element Law <sup>14</sup>	August 2021
22	Local Governments Adopt Housing Element Update	December 2022

### Glossary of Acronyms

ABAG – Association of Bay Area Governments  
 EIR – Environmental Impact Report  
 HCD – California Department of Housing and Community Development  
 RHNA – Regional Housing Need Allocation  
 RHND – Regional Housing Need Determination  
 RTP – Regional Transportation Plan  
 SCS – Sustainable Communities Strategy

<sup>1</sup> GC §65584.04(b). No more than 6 months before draft methodology release.

<sup>2</sup> GC §65584.03(a). No later than Aug 2020.

<sup>3</sup> GC §65584.01(b)(1). No later than Oct 2020.

<sup>4</sup> GC §65584.04. ABAG/Subregion must conduct at least one public hearing prior to releasing draft methodology. No later than Dec 2020.

<sup>5</sup> GC §65584.03(c). No later than Nov 2020.

<sup>6</sup> GC §65584.04(h).

<sup>7</sup> GC §65584.04(i).

<sup>8</sup> GC §65584.05(a). No later than Jun 2021.

<sup>9</sup> GC §65584.05(b). Within 45 days of draft allocation.

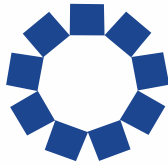
<sup>10</sup> GC §65584.05(c). Within 45 days of appeal deadline.

<sup>11</sup> GC §65584.05(d) Hearing must be no later than 30 days after the appeals comment period ends, with 21 days prior notice.

<sup>12</sup> GC §65584.05(e). No later than 45 days after public hearing.

<sup>13</sup> GC §65584.05(g). Within 45 days after final allocation issued.

<sup>14</sup> Within 30 days after HCD receives Final Plan.



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Supervisor, Alameda County

*Karen Mitchoff, Chair, Finance Committee*  
Supervisor, County of Solano

To: City Managers, Community Development Directors  
From: Ken Kirkey, ABAG/MTC Planning Director  
Date: **TBD**, 2019  
RE: Regional Housing Need Allocation – Opportunity to Form a Subregion

The Regional Housing Need Allocation (RHNA) is the state-mandated process to identify the number of housing units, by affordability level, that each jurisdiction must accommodate in the Housing Element of its General Plan (Government Code §65584). As part of this process, the California Department of Housing and Community Development (HCD) identifies the total housing need for the Bay Area for an eight-year period (in this cycle, from 2022 to 2030).

As the Council of Governments for the San Francisco Bay Area, ABAG is responsible for developing a methodology to allocate to each city and county a portion of the region's total housing need received from HCD. Key milestones for completing the RHNA process include:

- Release proposed methodology for public comment
- Publish draft methodology and submit to HCD for review
- Adopt final methodology
- Release draft allocation
- Consider appeals of allocations to jurisdictions
- Adopt final RHNA

ABAG will kick off the RHNA process by convening a Housing Methodology Committee (HMC) in Fall 2019 to advise staff during development of the allocation methodology. For more information about RHNA, visit <https://abag.ca.gov/planning/housingneeds/>.

### **Opportunity to Form a Subregion**

Housing Element law allows two or more jurisdictions to form a “subregion” to conduct a parallel RHNA process to allocate the subregion's housing need among its members. Jurisdictions that form a subregion will accept responsibility for meeting all statutory requirements for RHNA, including undertaking all of the milestones highlighted above.

**Jurisdictions that wish to form a subregion must inform ABAG by February 2020. The requirements for forming a subregion and other key details about subregions are available in the attached Fact Sheet.**

The subregion process allows for greater collaboration among jurisdictions, potentially enabling RHNA allocations that are more tailored to the local context as well as greater coordination of local housing policy implementation. I encourage you to consider partnering with your neighboring communities to form a subregion for completing the RHNA process.

Please contact Gillian Adams, Housing Program Manager, at [gadams@bayareametro.gov](mailto:gadams@bayareametro.gov) or 415-820-7911, to discuss the subregion option or to answer any questions you may have.

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Attachments *RHNA Subregion Fact Sheet*

CC: ABAG Executive Board, MTC Commission

## RHNA SUBREGION FACT SHEET

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### **What is a RHNA Subregion?**

A subregion receives a share of the region's total housing need and must allocate a portion to each participating jurisdiction. Creating a subregion provides an opportunity for local governments to exercise greater control over the housing allocation process and provides expanded opportunities for collaboration.

Under the law, by accepting delegation, the subregion is tasked with responsibility for all RHNA tasks, including maintaining the subregion's total housing need, developing an allocation methodology for the subregion that is reviewed by HCD, releasing a draft housing allocation by income using the subregion's adopted allocation methodology, addressing any appeals of the subregion's draft allocation, preparing and approving the subregion's final allocation and conducting the required public hearings.

### **What are the benefits and challenges of a subregion?**

#### *Benefits*

- Fosters collaboration among jurisdictions and creates new opportunities for partnerships
- Facilitates dialogue between jurisdictions and the public on housing issues
- Allows potential for allocations that are more tailored to the local context as well as greater coordination of local housing policy implementation
- Promotes better alignment between local and regional needs

#### *Challenges*

- Increased scrutiny and HCD oversight for upcoming cycle
- Jurisdictions must commit resources and staff time, which can be significant
- Potential for lack of compromise

### **Who can form a subregion?**

By statute, a subregion "may include a single county and each of the cities in that county or any other combination of geographically contiguous local governments."<sup>1</sup> In past RHNA cycles, subregions have included all jurisdictions in a county and the unincorporated county.

### **What must a subregion do?**

The subregion must carry out all requirements in Government Code Section 65584 to allocate its share of the region's housing need to its members. Major tasks include:

- Develop a draft allocation methodology, to be submitted to HCD for review and comment
- Adopt a final method and issue a draft allocation
- Conduct the process by which allocations can be appealed
- Adopt the final allocation plan

If the subregion fails to complete the allocation, ABAG must make allocations to subregion members.

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<sup>1</sup> Government Code Section 65584.03.

### **How has the subregion process changed from previous RHNA cycles?**

Major changes include:

- **A greater focus on equity outcomes:** as a result of recent legislation, the subregion's final RHNA plan must now meet a new objective to "affirmatively further fair housing."<sup>2</sup> Generally speaking, this means "taking meaningful actions to overcome historic patterns of segregation, promote fair housing choice, and foster inclusive communities that are free from discrimination."<sup>3</sup>
- **New factors to be considered for the allocation methodology:** overcrowding, loss of units during a state of emergency, and the region's greenhouse gas emissions target.
- **Greater HCD oversight:** the subregion must submit its methodology to HCD for review and comment prior to issuing the draft allocation.

### **What is the process for forming a subregion?**

1. **Obtain local commitment:** By statute, each jurisdiction must adopt a resolution approving its participation in the subregion and then ABAG must adopt a resolution acknowledging formation of the subregion. This must be completed by December 2019.
2. **Identify coordinating agency:** The subregion must identify a lead agency to which ABAG can delegate the authority for conducting RHNA. This usually consists of an existing institutional body that convenes multiple jurisdictions. This must be completed by December 2019.
3. **Sign a Memorandum of Understanding (MOU) with ABAG:** The MOU outlines the process, timing, and other terms and conditions for delegation of responsibility by ABAG to a subregion. After the subregion has been adopted by the ABAG Executive Board (expected January 2020), ABAG staff will work with the lead agency of the subregion to develop the MOU.

### **How is a subregion implemented locally?**

The subregion's lead agency manages the activities to complete the RHNA process. In the previous RHNA cycle, lead agencies were the Napa Valley Transportation Authority, the Solano City County Coordinating Council, and the City/County Association of Governments of San Mateo County. Starting a subregion without an existing institutional entity is possible, but it would likely require additional planning and coordination.

Lead agencies have typically established committees with representation from each member jurisdiction to carry out the following roles:

- A Technical Advisory Committee to make recommendations related to the methodology and allocation.
- A Policy Advisory Committee made up of elected officials to review the work of the TAC and develop policy recommendations for consideration by the Governing Body.
- Governing Body to provide policy direction and take all actions required to fulfill the statutory obligations of the subregion.

### **How much time does the subregional process take? How much does it cost?**

Completion of the RHNA plan takes approximately 18 months from the time of formal designation (December 2019) to adoption of the final RHNA (July 2021), with an additional 2 to 6 months prior to designation to obtain resolutions from participating jurisdictions. In previous cycles, subregions have spent between \$50,000-\$200,000 for staff time and consultant support.

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<sup>2</sup> Government Code Section 65584(d).

<sup>3</sup> <https://www.hudexchange.info/programs/affh/>

# Regional Housing Need Allocation

Regional Advisory Working Group  
June 4, 2019



# What is RHNA?

- State law: all jurisdictions must plan to meet the housing needs of everyone in the community
- State identifies total number of units, across all income groups, for which the region must plan
- ABAG allocates a share of need, by income, to each jurisdiction
- Jurisdiction updates the Housing Element of its General Plan to show how it plans to meet its share of the region's need

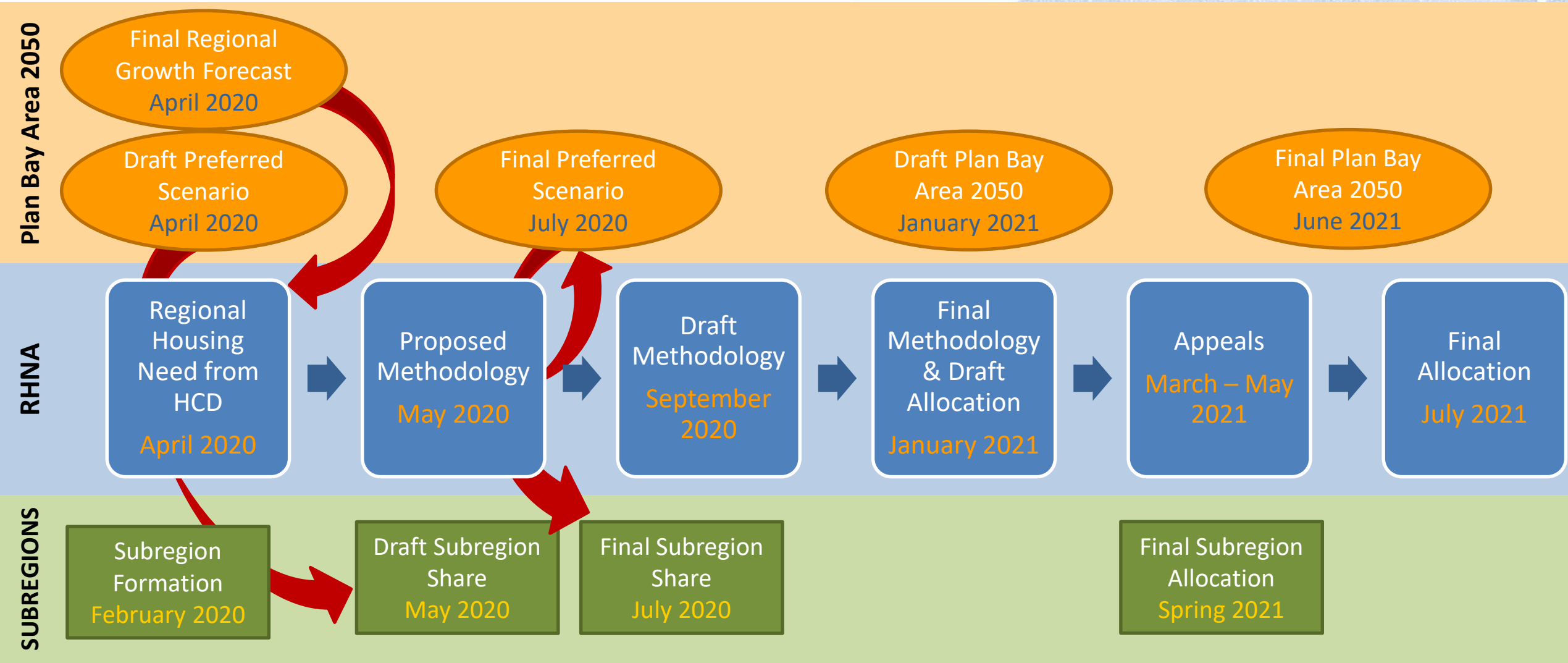
# What are Subregions?

- Jurisdictions can form a subregion to carry out its own RHNA
- Same process/steps, requirements as region's RHNA
- Primary benefit is local ownership of RHNA process
- Currently under consideration: San Mateo, Santa Clara, Napa, Solano

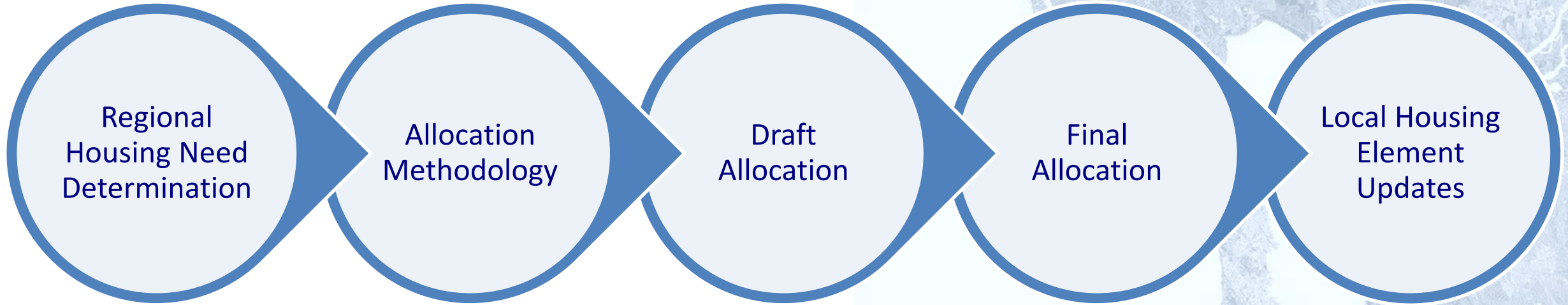
# New Issues This Cycle

- Higher total regional housing need
- More HCD oversight
- RHNA must Affirmatively Further Fair Housing
- Housing Elements more challenging for jurisdictions

# Relationships Between Plan Bay Area 2050 and RHNA



# RHNA Process Overview

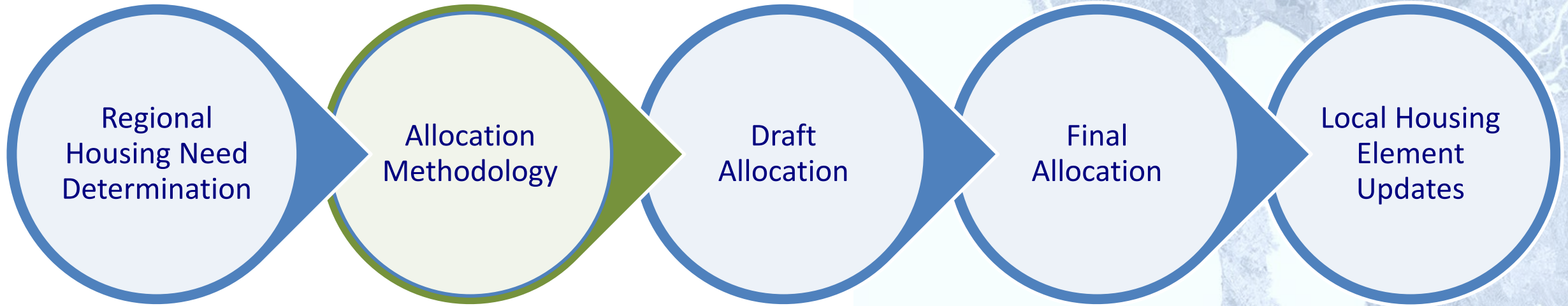


# RHNA Process Overview



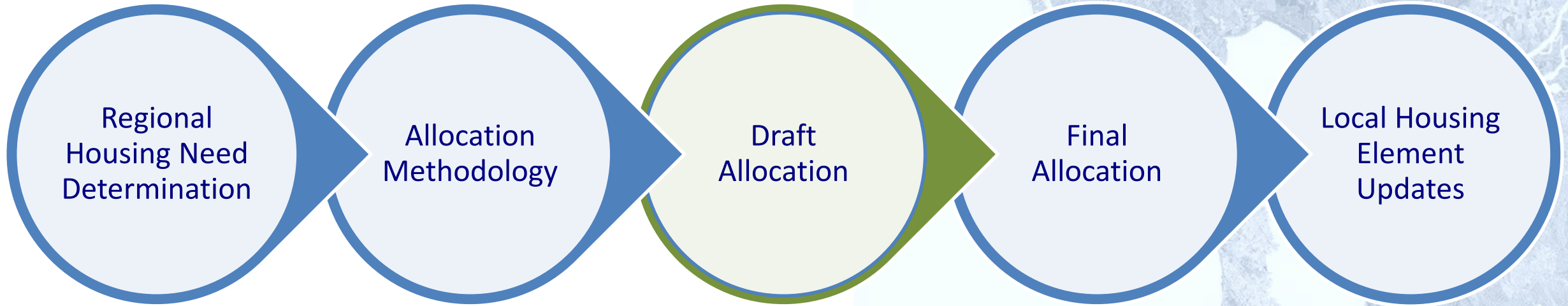
- ABAG consults with HCD on assumptions
- Expect higher total regional housing need
  - Need to account for unmet housing need
  - New factors: overcrowding, cost burden, target vacancy rate

# RHNA Process Overview



- Housing Methodology Committee advises staff
  - Elected officials, stakeholders from RPC as well as local staff
  - Regular updates to RPC; RPC recommends methodology to Executive Board
- Statutorily required objectives and factors
  - **New objective:** Affirmatively further fair housing
- Draft methodology reviewed by HCD (**New**)

# RHNA Process Overview



- Jurisdictions and HCD can appeal allocations (New)



# RHNA Process Overview



- Adopt RHNA one month after Plan Bay Area 2050

# RHNA Process Overview



- New restrictions on identifying sites
- Must affirmatively further fair housing

# Summary of Key Milestones

Key Milestones	Proposed Deadline
Housing Methodology Committee kick-off	October 2019
Subregions form	February 2020
Regional Housing Need Determination	April 2020
Proposed methodology	May 2020
Draft methodology	September 2020
Final methodology, draft allocation	January 2021
Appeals	March – May 2021
Final allocation	July 2021
Housing Element due date	December 2022

*Dates are tentative and subject to change*

