



Staff Report

To: San Benito County Board of Supervisors
From: Mary Gilbert, Executive Director/Veronica Lezama, Transportation Planner
Telephone: (831) 637-7665
Date: December 14, 2021
Subject: Regional Housing Needs Determination and Allocation Methodology

Recommendation:

RECEIVE Presentation on the 6th Cycle Regional Housing Needs Allocation.

Summary:

California state law recognizes that local governments play a vital role in developing affordable housing. In 1969, the state mandated that all California cities, towns, and counties must plan for the housing needs of our residents—regardless of income.

This state mandate is called the Housing Element and Regional Housing Needs Allocation, or RHNA. As part of RHNA, the California Department of Housing and Community Development, or HCD, determines the total number of new homes the San Benito region needs to plan for—and how affordable those homes need to be—in order to meet the housing needs of people at all income levels.

The Council of Governments (COG), then distributes a share of the region's housing need to the City of Hollister and San Juan Bautista, and County of San Benito. Each local government agency must then update the Housing Element of its general plan to show the locations where housing can be built and the policies and strategies necessary to meet the community's housing needs.

The heart of COG's work on RHNA is developing the methodology to allocate a portion of housing needs to each city and county in the region. The RHNA is required to meet the five statutory objectives summarized below:

- 1) increase housing supply and mix of types in an equitable manner
- 2) infill development and socioeconomic equity environmental and agricultural resources, efficient development patterns, greenhouse gas reductions
- 3) jobs and housing, including low-wage jobs and housing affordable to low-wage workers in each jurisdiction
- 4) lower proportion of housing need to an income category when disproportionately high share of households in that income category
- 5) Affirmatively furthering fair housing

Financial Considerations:

COG expenses for work items related to RHNA are reimbursed to COG through State housing funds.

Discussion:

The Council of Governments (COG) conducts the RHNA process every eight years. State law also requires COG to determine each local jurisdiction's share of the region's future housing need. The RHNA produces regional, subregional, and local targets for the amount and type of housing needed over the planning period.

In the spring of 2021, COG began consulting with the California Department of Housing and Community Development (HCD) and the Department of Finance (DOF) regarding the total regional housing need. HCD is responsible for determining the regional housing needs total, segmented by income levels, for each of the state's COGs.

In October 2021, HCD provided COG its total housing determination, which allocates a total of 5,005 housing units across the two cities and County and across four income categories as shown in Table 1. COG then develops a methodology to allocate the housing need to all of the jurisdictions within the COG region.

Table 1: San Benito County 6th Cycle Regional Housing Need

Income Category	Units
Very-Low	1,110
Low	890
Moderate	947
Above-Moderate	2,058
Total	5,005

Source: California Department of Housing and Community Development

Draft RHNA Methodology Data

COG has been discussing with the COG Board and local jurisdiction staff potential options for developing a RHNA methodology based on HCD's 6th Cycle Regional Housing Needs Determination (RHND). Discussions to date have focused on the Regional Growth Forecast, employment, climate change resiliency / wildfire risk, and furthering fair housing goals.

All data used in the development of RHNA methodology is based on the following publicly available sources:

- Regional Growth Forecast (RGF): Housing growth from the 2030-2035 period from the AMBAG 2022 RGF (accepted for planning purposes by the AMBAG Board, of which COG

jurisdictions are members, in November 2020), based on California Department of Finance (2020)

- Employment: AMBAG 2022 RGF, based on InfoUSA and California Employment Development Department (2020)
- Resiliency: Percent not in high fire risk zone, CALFIRE, California Public Utilities Commission (CPUC)
- Affirmatively Furthering Fair Housing (AFFH): Redistribute a portion of very low and low income units out of jurisdictions with no high/highest resource areas, and shift those units to jurisdictions with high/highest resource areas based on the proportion of their jurisdiction's households in a high/highest resource area, based on HCD/California Tax Credit Allocation Committee (TCAC) Opportunity Map

RHNA methodologies are unique to every region throughout the state in response to each region's unique housing situation and needs. The COG region is predominately a suburban/rural region and has unique demographic and housing issues such as a predominance of rural areas and significant farmworker housing needs. The COG RHNA methodology focuses on furthering, supporting, and balancing between each of the five statutory RHNA objectives and 13 RHNA factors.

While there is growing consensus around the important allocation factors, there are many ways to weight the allocation factors. COG will be discussing the allocation factors and weighting options at their December 16, 2021 meeting. Three potential options are shown in Table 2.

Table 2: Three Potential RHNA Methodology Options

	Housing	Jobs			Resiliency			RHNA	
Option A				85%				15%	
	Fcst. Unit Chg. 2025-35	Jobs 2020	% Region Jobs	Units	% Area Not in High Risk Zone	Normalized (% Area x Unit Chg)	% Reg. Area x Unit Chg	Units	Total
San Benito County	3,052	23,263	0%	1,660	0%	0	0%	293	5,005
Hollister	1,200	15,492	67%	1,105	100%	1,200	75%	219	2,524
San Juan Bautista	73	557	2%	40	81%	59	4%	11	124
Unincorp. San Benito	1,779	7,214	31%	515	20%	348	22%	63	2,357

	Housing	Jobs			Resiliency			RHNA	
Option B				85%				15%	
	Fcst. Unit Chg. 2030-35	Jobs 2020	% Region Jobs	Units	% Area Not in High Risk Zone	Normalized (% Area x Unit Chg)	% Reg. Area x Unit Chg	Units	Total
San Benito County	1,440	23,263	0%	3,030	0%	0	0%	535	5,005
Hollister	524	15,492	67%	2,017	100%	524	72%	387	2,928
San Juan Bautista	33	557	2%	73	81%	27	4%	20	126
Unincorp. San Benito	883	7,214	31%	940	20%	173	24%	128	1,951

	Housing	Jobs			Resiliency			RHNA	
Option C				40%				60%	
	Fcst. Unit Chg. 2030-35	Jobs 2020	% Region Jobs	Units	% Area Not in High Risk Zone	Normalized (% Area x Unit Chg)	% Reg. Area x Unit Chg	Units	Total
San Benito County	1,440	23,263	0%	1,426	0%	0	0%	2,139	5,005
Hollister	524	15,492	67%	950	100%	524	72%	1,549	3,023
San Juan Bautista	33	557	2%	34	81%	27	4%	79	146
Unincorp. San Benito	883	7,214	31%	442	20%	173	24%	511	1,836

**Option A uses the growth forecast for the period 2025-2035. Option B uses the growth forecast for the period 2030-2035.*

*** Used to shift across income categories.*

First Step in RHNA Methodology: 2022 Regional Growth Forecast Base Allocation

This RHNA methodology allocates a portion of housing units based on data for projected housing growth the Regional Growth Forecast (RGF). The 2022 RGF was used in the Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS). The use of the same data

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within the RGF is important to meeting the RHNA plan statutory objectives of protecting environmental and agricultural resources and achieving the region's greenhouse gas reduction targets. (Gov. Code, § 65584(d)(2).) Use of the 2022 RGF, it ensures that this RHNA methodology would be consistent with the 2045 Metropolitan Transportation Plan/SCS, which is scheduled to be released later this year.

The 2022 RGF is the most accurate growth forecast available for the region, is more granular than any other available projections, included significant quality control, was reviewed and approved by executive planning staff in all jurisdictions for accuracy, and has been accepted by the COG Board. Using the 2022 RGF in this RHNA methodology assures that large jurisdictions do not get inappropriately small allocations which do not fulfill the needs of their populations, and small jurisdictions do not get inappropriately large allocations that exceed the feasible capacity of developable land. This supports the furtherance of a RHNA plan statutory objective, which focuses on 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. (Gov. Code, § 65584.04(d)(2).)

Of the three draft methodology options, Option A allocates a larger share of RHNA based on the RGF (using expected growth 2025-2035) and Options B and C allocates a smaller share of RHNA based on the RGF (focusing on expected growth 2030-2035).

Second Step in RHNA Methodology: Jobs and Resiliency

The second step in the RHNA methodology is to allocate the remaining units based on jobs and resiliency factors. A share of units are allocated based on the distribution of existing (2020) jobs remaining units are allocated those jurisdictions who have the smallest percentages of high fire risk. Options A and B allocates more units based on jobs while Option C allocates more units based on resiliency.

Third Step in RHNA Methodology: Income Allocation

RHNA objective 1 must ensure that the plan allocates 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. To accomplish that objective, the methodology shifts units across income categories. This shift ensures that non-high income jurisdictions do not get a disproportionate share of lower income units.

In the income allocation step, the RHNA methodology redistributed a portion of very low and low income units out of jurisdictions with no high/highest resource areas, and shifted those units to jurisdictions with high/highest resource areas based on the proportion of their jurisdiction's households in a high/highest resource area, using HCD/California Tax Credit Allocation Committee (TCAC) Opportunity Map.

Considering Equity

An important objective of RHNA is to increase housing equity across jurisdictions. Unlike many other COGs, jurisdictions in San Benito County have very similar socio-economic characteristics. (See Table 3 for a brief comparison.) This similarity does not eliminate the need to address equity, particularly in the distribution of lower-income RHNA, but it does suggest that adjustments may not need to be as dramatic as they might be in COGs with wider existing equity gaps.

Table 3: Comparison of Socio-Economic Characteristics in San Benito County Jurisdictions

	Total		Jobs/ Housing	Poverty	% non- Hispanic	%
	Population	Jobs	Housing	Ratio	Rate	White Crowded
San Benito County	64,209	23,263	19,913	1.2	8%	31% 7%
Hollister	41,678	15,492	11,917	1.3	10%	23% 9%
San Juan Bautista	2,089	557	819	0.7	9%	35% 8%
Unincorp. San Benito	20,442	7,214	7,177	1.0	6%	46% 3%

Sources: U.S. Census Bureau, 2020 Census and American Community Survey; AMBAG 2022 RGF.

Below the Council of Government's RHNA schedule.

Date	Task
October – January 2021	COG holds meetings with the staff of the City of Hollister, City of San Juan Bautista, and County of San Benito on RHNA numbers
December 2021	COG staff presents RHNA to the City Councils and Board of Supervisors
December 16, 2021	COG Board receives draft RHNA methodology options for discussion
January 20, 2022	COG Board directs COG staff on preferred RHNA Methodology Option
February 17, 2022	COG Board receives the preferred RHNA methodology option, holds public hearing, and releases RHNA for public comment
June-September 2022	COG Board adopts the 6 th Cycle RHNA

Staff will continue to develop a final methodology with input from the local jurisdictions before it is presented to COG for approval.