



REGIONAL PLANNING COMMITTEE

APRIL 6, 2018

ACTION REQUESTED: INFORMATION

**DRAFT REGIONAL HOUSING
NEEDS ASSESSMENT DETERMINATION**

File Number 3102000

Introduction

The Regional Housing Needs Assessment (RHNA) process for the sixth housing element cycle (June 30, 2020 – April 15, 2029) is being prepared in conjunction with the development of San Diego Forward: The 2019-2050 Regional Plan in accordance with Senate Bill 375 (SB 375) (Steinberg, 2008). SB 375 calls for the coordination and integration of the RHNA process with the Regional Plan.

The RHNA process has three main components:

- RHNA Determination – Department of Housing and Community Development (HCD) determination of the regionwide housing need
- RHNA Plan – The SANDAG plan to distribute the RHNA Determination to the local jurisdictions by four income categories, which includes the RHNA methodology
- RHNA – Each jurisdiction’s housing need allocation in four income categories for use in updating the housing elements of their General Plan

This report discusses the HCD draft RHNA Determination and potential options for adjustments to this determination as part of the required consultation process between the HCD and SANDAG.

Discussion

Draft RHNA Determination

Government Code 65584.01(b) requires HCD to prepare the RHNA Determination by estimating the number of housing units needed in the region using the following data:

- Population forecast from the California Department of Finance (DOF)
- Projected number of new households formed
- Vacancy rate in existing housing stock
- Percentage of renter’s households that are overcrowded, defined as more than one person per room per dwelling unit
- Housing replacement needs

The HCD draft RHNA Determination estimates 171,685 housing units will be needed to meet the region’s growth during the eight-year housing element cycle (Attachment 1). The regional distribution of the draft RHNA Determination by income category is shown in the table below.

DRAFT RHNA Determination for the San Diego Region by Income Category

Income Categories	Percent	Units
Very-Low	24.7%	42,332
Low	15.5%	26,627
Moderate	17.3%	29,734
Above-Moderate	42.5%	72,992
Total	100.0%	171,685

Source: California Department of Housing and Community Development

Consultation and Review

Pursuant to Government Code Sections 65584(b) and 65584.01(c), HCD is required to consult with SANDAG to create the final RHNA Determination. SANDAG staff have reviewed the calculations and created options that could be considered by HCD to recalculate the draft RHNA Determination.

Generally, the options involve revising the HCD’s approach to calculating the adjustments for vacancy rate, overcrowding, and housing replacement. Option 1 involves calculating these adjustments based on the number of housing units needed to be permitted in the region during the eight-year housing element cycle (95,232) instead of the total number of housing units needed in the region (1,251,115). In previous RHNA Determinations, HCD used a methodology similar to Option 1. The adjustments require the region to make progress toward improving the vacancy rate, limiting overcrowding, and adequately replacing housing. The resulting housing unit calculation is more achievable within the eight-year RHNA cycle. Option 1 would result in a RHNA Determination of 103,413 housing units for the region.

Option 2 involves using different assumptions or comparisons for how the HCD adjustments are calculated to more closely align with the San Diego region trends. Setting a lower vacancy rate and comparing the San Diego region’s overcrowding rate to other western states rather than the entire United States may lead to a more realistic assessment of housing units needed in the region. Option 2 would result in a RHNA Determination of 125,268 housing units for the region.

Attachments 2 and 3 show the results of the proposed draft RHNA Determination adjustment options.

SANDAG has shared these options with the Regional Planning Technical Working Group (TWG), made up of the planning directors from each of the 18 cities and the County of San Diego. The TWG provided the following comments and recommendations on the options:

- Consider revisions to the Household Formation Rates
- Consider the impacts of immigration and San Diego’s geographic constraints on overcrowding

- Calculate the housing replacement need adjustment using the ten-year DOF average of 0.32 percent
- Develop a third option that is a hybrid of options 1 and 2

The Government Code allows HCD to accept or reject information provided by SANDAG or modify its methodology based on the consultation.

Next Steps

Pending a recommendation from the TWG, the Regional Planning Committee will be asked to make a recommendation to the Board of Directors on a preferred option in May. Based on action by the Board, SANDAG staff will prepare a letter to send to HCD outlining the SANDAG requested modifications to the draft RHNA Determination. It is anticipated that SANDAG will be provided with the final RHNA Determination by HCD in summer 2018. Staff will then return to the Regional Planning Committee to present the final RHNA Determination and begin the process to develop the RHNA Plan with all 19 jurisdictions.

CHARLES "MUGGS" STOLL

Director of Land Use and Transportation Planning

- Attachments:
1. HCD Draft RHNA Determination
 2. Option 1 – Revised Draft RHNA Determination
 3. Option 2 – Revised Draft RHNA Determination

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Option 1

San Diego County: June 30 2020-April 15 2029 (8.8 years) HCD Determined Population, Households, & Housing Unit Need							Change to HCD Draft RHNA Determination	
1	Population: April 15, 2029 (DOF June 30, 2029 projection adjusted - 2.5 months to April 15 2029)						3,613,215	
2	Group Quarters Population (DOF June 30 2029 projection adjusted - 2.5 months to April 15 2029)						-118,075	
3	Household (HH) Population						3,495,140	
	Household Formation Groups	HCD Adjusted DOF Projected HH Population	DOF HH Formation Rates	HCD Adjusted DOF Projected Households	1,251,115			
	under 15 years	648,185	n/a		n/a			
	15 - 24 years	504,775	9.98%		50,356			
	25 - 34 years	402,920	37.25%		150,100			
	35 - 44 years	399,705	46.54%		186,021			
	45 - 54 years	428,715	50.72%		217,453			
	55 - 64 years	388,650	53.69%		208,648			
	65 - 74 years	380,010	57.98%		220,347			
	75 - 84 years	250,550	62.03%		155,413			
	85+	91,630	68.51%		62,775			
4	Projected Households (Occupied Unit Stock)						1,251,115	
5	Occupied Units (HHs) estimated January 1 2020						-1,155,883	
6	Household Growth: 8.8-Year Projection Period (New Housing Unit Need)						95,232	
7	+ Vacancy (Maximum Standard 5% vs County ACS 2012-2016 %)	5.00%	2.48%	5.00%	4,759	26,741	5.00% multiplied by projected household growth rather than projected households.	
8	+ Overcrowding (US avg % vs County 2012-2016 ACS %)	3.34%	6.43%	3.09%	2,946	35,754	3.09% multiplied by projected household growth rather than projected households.	
9	+ Replacement Adj (.5% min, 5% max, vs % DOF Demolitions 10 year average)	.5 - 5%	0.32%	0.50%	476	5,779	0.05% multiplied by projected household growth rather than projected households.	
	6th Cycle Regional Housing Need Assessment (RHNA)						103,413	68,272

1] Population, Group Quarters, Household Population, & Projected Households: Pursuant to Government Code Section 65584.01, projections were extrapolated from Department of Finance (DOF) projections. Population reflects total persons. Group Quarter Population reflects persons in a dormitory, group home, institution, military, etc. that do not require residential housing. Household Population reflects persons requiring residential housing. Projected Households reflect the propensity of persons, by age-groups, to form households at different rates based on Census trends.

2] Vacancy Adjustment: HCD applies a vacancy adjustment (standard 5% maximum to total housing stock) and adjusts the maximum % based on the county's current "for rent and sale" vacancy % to provide healthy market vacancies to facilitate housing availability and resident mobility. Adjustment is difference between standard 5% and County's current vacancy rate based on the 2012-2016 ACS data.

3] Overcrowding adjustment: In Counties where overcrowding is greater than the U.S. overcrowding rate of 3.34%, HCD applies an adjustment based on the amount the County's overcrowding rate exceeds the U.S. overcrowding rate. Data is from 2012-2016 ACS.

4] Replacement Adjustment: HCD applies a replacement adjustment between .5% & 5% to total housing stock based on the current 10-year average % of demolitions county local government annual reports to Department of Finance.

5] Occupied Units: This figure reflects DOF's estimate of occupied units at the start of January closest to projection period start, per DOF E-5 report.

Option 2

San Diego County: June 30 2020-April 15 2029 (8.8 years) HCD Determined Population, Households, & Housing Unit Need						
1	Population: April 15, 2029 (DOF June 30, 2029 projection adjusted - 2.5 months to April 15 2029)	HCD Adjusted DOF Projected HH Population	DOF HH Formation Rates	HCD Adjusted DOF Projected Households	Change to HCD Draft RHNA Determination	Change in Units
2	- Group Quarters Population (DOF June 30 2029 projection adjusted - 2.5 months to April 15 2029)	3,495,140	n/a	1,251,115	3,613,215	
3	Household (HH) Population				-118,075	
					3,495,140	
	under 15 years	648,185	n/a	n/a		
	15 - 24 years	504,775	9.98%	50,356		
	25 - 34 years	402,920	37.25%	150,100		
	35 - 44 years	399,705	46.54%	186,021		
	45 - 54 years	428,715	50.72%	217,453		
	55 - 64 years	388,650	53.69%	208,648		
	65 - 74 years	380,010	57.98%	220,347		
	75 - 84 years	250,550	62.03%	155,413		
	85+	91,630	68.51%	62,775		
4	Projected Households (Occupied Unit Stock)				1,251,115	
5	+ Vacancy (Maximum Standard 5% vs County ACS 2012-2016 %)	4.00%	2.48%	1.52%	18,987	Reduce Vacancy Rate Target
6	+ Overcrowding (US avg % vs County 2012-2016 ACS %)	5.87%	6.43%	0.56%	7,046	Compare to ACS West Region Overcrowding (5.87%)
7	+ Replacement Adj (.5% min, 5% max, vs % DOF Demolitions 10 year average)	.5 - 5%	0.32%	0.32%	4,004	Use DOF Demolitions 10 Year Average (0.32%)
8	- Occupied Units (HHS) estimated January 1 2020				-1,155,883	
	6th Cycle Regional Housing Need Assessment (RHNA)				125,268	
						46,418

[1-4] Population, Group Quarters, Household Population, & Projected Households: Pursuant to Government Code Section 65584.01, projections were extrapolated from Department of Finance (DOF) projections. Population reflects total persons. Group Quarter Population reflects persons in a dormitory, group home, institution, military, etc. that do not require residential housing. Household Population reflects persons requiring residential housing. Projected Households reflect the propensity of persons, by age-groups, to form households at different rates based on Census trends.

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[6] Overcrowding adjustment: In Counties where overcrowding is greater than the U.S. overcrowding rate of 3.34%, HCD applies an adjustment based on the amount the County's overcrowding rate exceeds the U.S. overcrowding rate. Data is from 2012-2016 ACS.

[7] Replacement Adjustment: HCD applies a replacement adjustment between .5% & 5% to total housing stock based on the current 10-year average % of demolitions county local government annual reports to Department of Finance.

[8] Occupied Units: This figure reflects DOF's estimate of occupied units at the start of January closest to projection period start, per DOF E-5 report.