

Agenda Report

September 14, 2020

TO: Honorable Mayor and City Council
FROM: Planning & Community Development Department
SUBJECT: REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) AND HOUSING ELEMENT UPDATE

RECOMMENDATION:

It is recommended that the City Council receive the following report on the Regional Housing Needs Assessment and provide any related direction to staff.

EXECUTIVE SUMMARY:

Every eight years, all California cities and counties are required to demonstrate adequate land use and zoning capacity for their fair share of existing and future regional housing need determined through the process known as the Regional Housing Needs Assessment (RHNA). Per requirements of State law and in close coordination with the California Department of Housing and Community Development (HCD), the region's council-of-governments, the Southern California Association of Governments (SCAG), leads the process to allocate each local jurisdiction's RHNA. SCAG develops a methodology that is consistent with the five statutory objectives of RHNA and reviewed and approved by HCD. To demonstrate that a local jurisdiction can accommodate its share of the regional housing need, cities and counties are required to update their local Housing Element. The update must be completed by October 15, 2021 and cover the period 2021-2029.

BACKGROUND:

Housing Element

All California cities and counties are required to provide capacity for their fair share of existing and future regional housing need. Every eight years, this fair share assignment is determined through the Regional Housing Needs Assessment (RHNA) process. The California Department of Housing and Community Development (HCD) determines the share of the state's housing need for each region based off population projections prepared by the California Department of Finance and other factors identified in recent

California Department of Housing and Community Development (HCD) determines the share of the state's housing need for each region based off population projections prepared by the California Department of Finance and other factors identified in recent housing legislation. In turn, the council of governments (COG) for the region allocated to each local jurisdiction its share of the regional housing need. In southern California, the region's COG is the Southern California Association of Governments (SCAG).

To demonstrate that a local jurisdiction can accommodate its share of the regional housing need, cities and counties are required to update their local Housing Element. The Housing Element is one of nine State-mandated elements in a city's General Plan and implements the declaration of State law that "the availability of housing is a matter of vital statewide importance and the attainment of decent housing and a suitable living environment for all Californians is a priority of the highest order" (Gov. § Code 65580). At the local level, the Housing Element allows each city to prepare a community-specific approach to "how" and "where" housing will be addressed to meet the needs of the community. The Housing Element must be updated every eight years following the development by HCD and SCAG of each local jurisdiction's RHNA. The current planning period for the Housing Elements of cities in the SCAG region extends to 2021. The City's 2014-2021 Housing Element was adopted by the City Council on February 3, 2014. Local jurisdictions will be required to update their Housing Elements in 2021, which will cover the planning period 2021-2029.

Regional Housing Needs Assessment (RHNA)

As part of the RHNA process, SCAG must develop a final RHNA methodology, which will determine each local jurisdiction's draft RHNA allocation as a share of the regional determination of 1,341,827 housing unit need as determined by HCD. Between August 1, 2019 and September 13, 2019, SCAG presented three options for allocating the regional determination to the region's 197 local jurisdictions. Based on feedback provided during this time and careful consideration of the statutory objectives of RHNA which guide the methodology process, the Regional Council voted on November 7, 2019 to approve a draft RHNA methodology and submit to HCD for review. On January 13, 2020, HCD completed their statutory review and found that SCAG's draft RHNA methodology furthers the five statutory objectives of RHNA:

1. Increasing the housing supply and mix of housing types, tenure and affordability within each region in an equitable manner;
2. Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns;
3. Promoting an improved intraregional relationship between jobs and housing;
4. Allocating a lower proportion of housing need in income categories in jurisdictions that have a disproportionately high share in comparison to the county distribution;
5. Affirmatively furthering fair housing (AFFH).

On March 5, 2020, SCAG’s Regional Council adopted by resolution the Final RHNA Methodology for the 2021-2029 Housing Element planning period. SCAG’s adopted Final RHNA Methodology utilizes three main factors to allocate the regional housing need to local jurisdictions:

- Projected Household Growth – Based on input from local jurisdictions on SCAG’s growth forecast projections.
- Job Accessibility – Based on a jurisdiction’s share of the region’s jobs that can be accessed within a 30-minute driving commute (Jurisdictions with limited accessibility to jobs will receive a smaller RHNA based on this component).
- Transit Accessibility – Based on a jurisdiction’s share of the region’s population within existing and future High Quality Transit Areas (HQTA) identified in the Regional Transportation Plan.

In September 2020, SCAG issued the Draft RHNA Allocation Plan listing individual jurisdictions’ draft RHNA allocation numbers. Thereafter, an appeals process will be conducted, and final RHNA allocations are scheduled to be issued in February 2021. Local jurisdictions’ updated Housing Elements are due to HCD by October 15, 2021.

Under SCAG’s approved Final RHNA Methodology for the 2021-2029 Housing Element planning period, Pasadena’s RHNA is 9,409 dwelling units. The following table provides a breakdown of Pasadena’s RHNA by state-defined income categories and a comparison of the City’s RHNA from the current Housing Element planning period.

Income Category	% of Area Median Income (AMI)	2014-2021 RHNA	2021-2029 RHNA
Very Low Income	<50%	340	2,739
Low Income	51%-80%	207	1,659
Moderate Income	81%-120%	224	1,562
Above Moderate Income	>120%	561	3,449
	TOTAL	1,332	9,409
	<i>TOTAL Regional RHNA Allocation for SCAG</i>	<i>412,137</i>	<i>1,341,827</i>

RHNA requires a City to provide appropriate zoning with adequate densities to accommodate the number of units in its RHNA allocation. Housing Element non-compliance and not meeting RHNA requirements may bring about a number of consequences for a local jurisdiction. A city with a non-certified Housing Element has limited access to state funding programs, including CDBG funds, HOME Investment Partnership Program funds, and the newly established Senate Bill 2 and Assembly Bill 101 State planning grants to assist local jurisdictions with policies and programs to accelerate housing production. A city with a non-certified Housing Element also opens itself up for litigation. Several potential consequences of lawsuits include:

- **Mandatory compliance** – The court may order the community to bring the Housing Element into compliance within 120 days.
- **Suspension of local control on building matters** – The court may suspend the locality’s authority to issue building permits or grant zoning changes, variances, or subdivision map approvals.
- **Court approval of housing developments** – The court may step in and approve housing projects, including large projects that may not be wanted by the local community.

Recent legislation, such as AB 72, authorizes HCD to find a jurisdiction out of compliance with state housing law at any time. HCD now has the authority to review any action or inaction by a city or county that it determines is inconsistent with an adopted housing element and can decide to decertify a Housing Element.

Further, recent legislation now also considers the progress that a city or county is making toward their RHNA allocations. Specifically, SB 35 includes project streamlining provisions, including ministerial approval, for jurisdictions who have not made sufficient progress toward their RHNA allocation. Developments must include a specified level of affordability, be on an infill site, and comply with existing residential and mixed use zoning standards. The intent of the legislation is to facilitate and expedite the construction of housing.

RHNA Appeals Process

On September 3, 2020, SCAG released the Draft RHNA Allocation Plan. Per State law, within 45 days of receipt of the Draft RHNA allocation, local jurisdictions may appeal any jurisdiction’s Draft RHNA allocation. Appeals may be filed on any draft RHNA allocation within the SCAG region by any SCAG jurisdiction and the California Department of Housing and Community Development (HCD). An appeal may only be filed on at least one of the following:

- ***Local planning factors and information relating to affirmatively furthering fair housing*** – That SCAG failed to consider information submitted by the local jurisdiction relating to certain local factors outlined in state law and information submitted by the local jurisdiction relating to affirmatively furthering fair housing. These factors include the following:
 - Each jurisdiction’s existing and projected jobs and housing relationship;
 - The opportunities and constraints to development of additional housing in each jurisdiction;
 - The distribution of household growth assumed for purposes of a comparable period of regional transportation plans and opportunities to maximize the use of public transportation and existing transportation infrastructure;

- The loss of units contained in assisted housing developments that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions;
 - The percentage of existing households at each of the income levels that are paying more than 30 percent and more than 50 percent of their income in rent.
 - The rate of overcrowding.
 - The loss of units during a state of emergency that was declared by the Governor during the planning period immediately preceding the relevant revision that have yet to be rebuilt or replaced at the time of the analysis. For purposes of these guidelines, this applies to loss of units during a state of emergency occurring since October 2013 and have not yet been rebuilt or replaced by the time of the development of the draft RHNA methodology, or November 7, 2019.
 - The region's greenhouse gas emissions targets provided by the State Air Resources Board pursuant to Section 65080, to be met by SCAG's Connect SoCal Plan.
 - Information based upon the issues, strategies, and actions that are included, as available in an Analysis of Impediments to Fair Housing Choice or an Assessment of Fair Housing completed by any city or county or the California Department of Housing and Community Development, and in housing elements
- ***Application of adopted final methodology*** – That SCAG failed to determine the jurisdiction's share of the regional housing need in accordance with the information described in the RHNA allocation methodology established and approved by SCAG, and in a manner that furthers, and does not undermine the five statutory objectives of RHNA.
 - ***Significant and unforeseen change in circumstances*** – That significant and unforeseen change in circumstances has occurred in the jurisdiction after April 30, 2019 and merits a revision of the information previously submitted by the local jurisdiction. Appeals on this basis shall only be made by the jurisdiction or jurisdictions where the change in circumstances has occurred.

Additionally, in accordance with State housing law, an appeal cannot be granted based on the following factors:

- A local jurisdiction's existing zoning ordinance and land use restrictions
- Any local ordinance, policy, voter-approved measure or standard limiting residential development.
- Prior underproduction of housing in a jurisdiction from the previous regional housing need allocation.

- Stable population numbers in a jurisdiction.

Following the conclusion of the filing period, all jurisdictions will be notified by SCAG of all appeals filed. Per state law, jurisdictions and HCD will have 45 days to comment on filed appeals. Within 30 days of the end of the appeal comment period, SCAG must conduct public hearings to hear all filed appeals. The hearing body will be the RHNA Subcommittee, which will be known as the RHNA Appeals Board. All decisions made by the Appeals Board will be considered final and not reviewed by any other SCAG Committee or the Regional Council.

FISCAL IMPACT:

This report is for information only and will not result in any fiscal impact. If the City Council directs staff to appeal the Draft RHNA Allocation, staff time will be devoted to the application preparation and process, however there will be no direct fiscal impact.

Respectfully submitted,



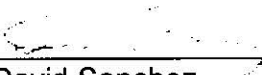
DAVID M. REYES
Director of Planning & Community
Development Department

Prepared by:



Arlene Granadosin-Jones, AICP
Planner

Concurred by:



David Sanchez
Principal Planner

Approved by:



STEVE MERMELL
City Manager