

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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November 18, 2019

James Corless, Chief Executive Officer
Sacramento Area Council of Governments
1415 L Street, Suite 300
Sacramento, CA 95814

Dear Director Corless:

RE: Review of Draft Regional Housing Need Allocation (RHNA) Methodology

Thank you for submitting the draft Sacramento Area Council of Governments (SACOG) Sixth Cycle Regional Housing Need Allocation (RHNA) Methodology. Pursuant to Government Code Section 65584.04(i), the California Department of Housing and Community Development (HCD) is required to review draft RHNA methodology to determine whether the methodology furthers the statutory objectives described Government Code Section 65584(d).

The draft SACOG methodology uses the Metropolitan Transportation Plan (MTP) to allocate the overall RHNA number for a city and uses three adjustments to rebalance the income distribution among the sub-categories of RHNA by income and address the statutory objectives the MTP does not alone address. HCD has completed its review of the methodology, including the outputs of the four weighting options, and finds that the draft SACOG RHNA Methodology furthers the five statutory objectives of RHNA.¹

Below is a brief summary of findings related to each statutory objective described within Government Code Section 65584(d):

1. Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low-income households.

The methodology generally allocates more lower income RHNA to jurisdictions that have higher housing costs. Regardless of which weighting option is used, six of the seven cities with the highest housing costs in the region also receive the seven largest shares of lower income RHNA. Additionally, there is fairly close alignment between the ranking of housing costs and share of lower income RHNA across all jurisdictions. This outcome helps to facilitate a mix of affordability, housing types, and tenure throughout the region. The Regional and Local Early Action Planning grants can be used to continue to pursue this and all the statutory objectives of RHNA by encouraging density and affordability in strategic areas.

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¹ While HCD finds that this methodology furthers the objectives of RHNA, HCD's determination may change in regards to a different region or cycle, as housing conditions in those circumstances may differ.

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2. 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 provided by the State Air Resources Board pursuant to Section 65080.

The draft allocation furthers the infill and environmental principles of this objective, as the overall allocation is based on SACOG's infill and job focused MTP combined with adjustment factors, such as the jobs-housing adjustment factor, which further direct lower income RHNA toward low-wage job centers, encouraging "jobs-housing fit," efficient development patterns, greater housing access for low-wage workers, and greenhouse gas reduction.

3. Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.

HCD commends SACOG for including analysis of low-wage jobs and affordable units in the methodology. The jobs-housing fit adjustment factor directs more lower income RHNA to places with a higher overall number of low-wage jobs, and a higher number of low-wage jobs compared to units affordable to low-wage workers. There is strong overlap across all weighting options between the ranking of a jurisdiction's total low wage jobs and the ranking of a jurisdiction's total lower income RHNA. For example, regardless of which weighting option is used, seven of the eight jurisdictions with the highest number of low-wage jobs also receive the eight highest shares of lower income RHNA for the region. There is also generally strong alignment between the rank of the jobs-housing ratio for a jurisdiction (more low-wage jobs to less affordable housing) and the share of lower income RHNA that a jurisdiction receives. On this point, weighting option D has the most alignment, but all the weighting options have strong overlap.

4. Allocating 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, as compared to the countywide distribution of households in that category from the most recent American Community Survey.

This objective is furthered directly by the regional income parity adjustment factor included in the draft methodology. The SACOG equity adjustment provides an upward adjustment toward the regional average for jurisdictions that have a lower percentage of households in each income category compared to the region. While the equity adjustment explicitly responds to objective four, it also assists in the methodology furthering each of the other objectives.

5. Affirmatively furthering fair housing, which means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.

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HCD applauds the inclusion of the affirmatively furthering fair housing adjustment factor in the methodology. This factor directs more lower income RHNA to areas having more housing units in higher opportunity areas, as defined in the [HCD/TCAC Opportunity Maps](#),² which evaluate access to opportunity, racial segregation, and concentrated poverty on 11 dimensions, which are all evidence-based indicators related to long term life outcomes. On this point, weighting option C has the most alignment, but all the weighting options have sufficient overlap to further this statutory objective. With weighting option C the top seven jurisdictions with the most homes in High Opportunity areas receives the top seven largest shares of lower income RHNA thus encouraging more affordable homes in higher resourced areas and increasing housing access to these communities for lower income households.

HCD appreciates the active role of SACOG staff in providing data and input throughout the draft methodology development and review period, as well as developing a methodology that is clear and transparent. HCD especially thanks Greg Chew, Dov Kadin, and Tina Glover for their significant efforts and assistance.

Public participation in the development and implementation of the RHNA process is essential to effective housing planning. HCD applauds SACOG on its efforts to date and the region should continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while considering and incorporating comments where appropriate.

HCD looks forward to continuing our partnership with SACOG to assist its member jurisdictions to meet and exceed the planning and production of the region's housing need.

Support opportunities available for the SACOG region this cycle include, but are not limited to:

- SB 2 Planning Grants and Technical Assistance (Available now, application deadline November 30, 2019, technical assistance available now through June 2021)
- Regional and Local Early Action Planning grants (25% of Regional funds available now, all other funds available early 2020)
- SB 2 Permanent Local Housing Allocation (Available April – July 2020)

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Megan Kirkeby, Assistant Deputy Director for Fair Housing, megan.kirkeby@hcd.ca.gov.



Megan Kirkeby
Assistant Deputy Director for Fair Housing

² Created by the California Fair Housing Task Force and commissioned by HCD and the California Tax Credit Allocation Committee (TCAC) to assist public entities in affirmatively furthering fair housing. The version used in this analysis is the 2019 HCD/TCAC Opportunity Maps available at treasurer.ca.gov/ctcac/opportunity.asp.