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Memorandum

September 17, 2020

From: Michael Becker, Director of Planning
To: RHNA Project Development Team
Re: HCD Consultation Update, Allocation Methodology

Dear RHNA Project Development Team:

The Regional Housing Needs Allocation (RHNA) process occurs periodically as part of Housing Element and General Plan updates at the local level. The RHNA process quantifies the need for housing by income group within each jurisdiction. The 6th cycle planning period is February 2023 to February 2031.

In the first step of the process, SBCAG staff has been consulting with HCD and the Department of Finance regarding the regional total of housing need and can conclude as late as February 2021. Once the consultation period ends, and the regional total is formally provided by HCD, SBCAG has 30 days to object if the allocation is not acceptable. HCD then has 45 days to make a final determination.

In the second step of the process, the method used to allocate the regional total to jurisdictions is developed. The statutory calendar requires this to be completed by February 2021. Once a draft methodology is issued by SBCAG, HCD then has a 60-day review period after which SBCAG adopts the final methodology.

In the third step, SBCAG issues a draft allocation of housing need to local jurisdictions. Within 45 days of receiving the draft allocation local jurisdictions may appeal their allocation. Other jurisdictions and HCD have an additional 45 days to comment on appeals. Within 30 days of the end of the comment period SBCAG conducts a public hearing to consider appeals. SBCAG then has 45 days to accept, modify or reject appeals and issue a final allocation that is then submitted to HCD.

SBCAG's RHNA related meeting materials to date are archived on the SBCAG website at the following link: <http://www.sbcag.org/rhna.html>

RHNA Project Schedule

- September/October 2020: HCD RHNA Determination**
SBCAG receives the RHNA determination from HCD. SBCAG has 30 days to file an objection.
- September/October 2020: RHNA Development Team Meeting**
Meeting to occur as soon as possible following receipt of RHNA determination – discuss objecting to the determination, continue discussion on allocation formula
- September/October 2020: SBCAG Board Meeting**
Present determination to SBCAG Board, receive authorization to file an objection with HCD (if necessary), receive SBCAG Board feedback on allocation formulas
- October 15, 2020: Subregional Delegation Formation Deadline**
Statutory deadline for participating jurisdictions to notify SBCAG of the formation of a subregional delegation. Resolutions must be adopted by this date by all participating jurisdictions.
- December 2020: RHNA Development Team Meeting**
Discuss allocation formulas and recommend preferred formula to the SBCAG Board
- January 15, 2021: Subregional Allocations Deadline**
Statutory deadline for SBCAG to provide determinations to any local subregional delegations
- January 21, 2021: SBCAG Board Meeting**
SBCAG Board authorizes public review of the preferred methodology
- February 15, 2021: Begin Public and HCD Review of Proposed Methodology**
Statutory deadline to begin 60-day public and HCD review process for the proposed methodology
- April 15, 2021: SBCAG Board Meeting**
Statutory deadline for SBCAG Board approval of RHNA Methodology
- May/June, 2021: RHNA Development Team Meeting**
Review and comment on the draft RHNA Plan
- June 17, 2021: SBCAG Board Meeting**
SBCAG Board review and comment on draft RHNA Plan
- August 19, 2021: RHNA Plan Adoption**
RHNA Plan adoption by the SBCAG Board. Starts 18-month housing element clock.
- February 15, 2023: Housing Element Due Date**
HCD requirement applicable to local jurisdictions

Allocation Scenarios

SBCAG Staff Options

The following SBCAG Staff formulas are fairly straight forward and respond to the objectives of addressing jobs housing balance and future growth by allocation more housing to the South Coast and furthering fair housing by including overcrowding and cost burden. Using one of these scenarios SBCAG can make a strong argument to HCD that we are appropriately addressing the statutory requirements. One downfall to these scenarios is that the other jobs (UCSB-7,300, VAFB-6,200, Reservation-1,740) are included in the unincorporated/other County calculation and adds housing need accordingly. Scenario 4 applies Scenario 1 and subtracts out the other jobs totaling 15,240 so that the unincorporated jobs do not include state, federal or reservation jobs.

1. 20% 2017 Jobs, 40% 00-17 Job Change, 20% Overcrowding, 20% Cost Burden
2. 10% 2017 Jobs, 20% RGF Jobs, 10% RGF Hslds, 30% Overcrowding, 30% Cost Burden
3. 20% 2017 Jobs, 10% Job Change, 20% RGF Jobs, 20% RGF Hslds, 30% Overcrowding
4. Scenario 1-subtracts out the other jobs totaling 15,240 so that the unincorporated jobs do not include state, federal or reservation jobs.

Jurisdiction	Scenario 1		Scenario 2		Scenario 3		Scenario 4	
	%	RHNA Allocation						
South Coast	56.4%	16,523	55.5%	16,282	56.0%	16,401	57.0%	16,699
Carpinteria	2.5%	742	3.1%	912	2.9%	851	2.7%	781
Santa Barbara	30.9%	9,045	30.0%	8,793	30.4%	8,898	32.5%	9,518
Goleta	8.9%	2,602	9.1%	2,674	9.9%	2,911	9.3%	2,739
Unincorp./UCSB	14.1%	4,133	13.3%	3,901	12.8%	3,739	12.5%	3,661
Lompoc Valley	11.2%	3,290	11.5%	3,366	10.5%	3,089	10.3%	3,024
Lompoc	7.0%	2,037	7.9%	2,307	6.5%	1,907	7.3%	2,144
Unincorp./VAFB	4.3%	1,252	3.3%	977	3.8%	1,121	3.0%	880
Santa Maria Valley	24.7%	7,246	27.6%	8,100	26.7%	7,837	26.0%	7,626
Santa Maria	19.8%	5,790	22.5%	6,595	21.7%	6,367	20.8%	6,093
Guadalupe	0.4%	118	1.2%	357	0.8%	223	0.4%	124
Unincorp.	4.6%	1,339	3.9%	1,148	4.3%	1,247	4.8%	1,409
Santa Ynez Valley	7.7%	2,254	5.3%	1,565	6.8%	1,986	6.7%	1,965
Solvang	1.8%	513	1.5%	433	1.7%	499	1.8%	540
Buellton	1.3%	392	1.2%	337	1.4%	399	1.4%	413
Unincorp./Reservation	4.6%	1,349	2.6%	771	3.7%	1,070	3.5%	1,012
County Total	100.0%	29,313	100.0%	29,313	100.0%	29,313	100.0%	29,313
Total Unincorp./Other	29.6%	8,671	27.7%	8,132	27.7%	8,131	26.1%	7,644
Total Incorp.	69.6%	20,405	70.1%	20,549	70.5%	20,665	73.3%	21,472
North County	43.6%	12,790	44.5%	13,031	44.0%	12,912	43.0%	12,614
South Coast	56.4%	16,523	55.5%	16,282	56.0%	16,401	57.0%	16,699

Similarly, the following formulas respond to the HCD objectives and other general factors to be considered, however follows a two-step approach. The first step is to allocate housing need to both North County and South Coast. Using this approach, the housing need from jobs and other inputs from UCSB, VAFB, and the Reservation are allocated to the jurisdictions proportionately and not exclusively to the unincorporated jurisdiction. The second step allocates to the jurisdictions within the two regions. The following scenario's first step is to allocate need based on 10% jobs, 30% 2000-2017 job growth, and 30% each for job and household growth. This results in approximately 54% of the need to the South Coast. The second step scenarios are as follows.

5. 50% overcrowding, 50% cost burden
6. 50% overcrowding, 25% cost burden, 25% farmworkers
7. 25% overcrowding, 50% cost burden, 25% farmworkers

	Scenario 5		Scenario 6		Scenario 7	
	%	RHNA	%	RHNA	%	RHNA
Jurisdiction	Allocation	Allocation	Allocation	Allocation	Allocation	Allocation
South Coast	54.5%	15,967	54.5%	15,967	54.5%	15,967
Carpinteria	3.3%	967	4.6%	1,340	4.0%	1,184
Santa Barbara	29.3%	8,584	28.6%	8,398	28.8%	8,456
Goleta	6.7%	1,971	6.7%	1,966	6.5%	1,891
Unincorp./UCSB	15.2%	4,444	14.5%	4,263	15.1%	4,436
Lompoc Valley	12.6%	3,706	6.4%	1,885	7.6%	2,232
Lompoc	10.3%	3,008	5.5%	1,604	6.3%	1,836
Unincorp./VAFB	2.4%	698	1.0%	281	1.3%	395
Santa Maria Valley	30.0%	8,791	37.4%	10,951	36.0%	10,551
Santa Maria	24.7%	7,250	32.9%	9,631	31.4%	9,197
Guadalupe	2.0%	576	2.0%	591	2.0%	577
Unincorp.	3.3%	965	2.5%	729	2.7%	777
Santa Ynez Valley	2.9%	849	1.7%	510	1.9%	563
Solvang	0.9%	255	0.4%	122	0.5%	161
Buellton	0.8%	220	0.5%	143	0.5%	144
Unincorp./Reservation	1.3%	374	0.8%	245	0.9%	258
County Total	100.0%	29,313	100.0%	29,313	100.0%	29,313
Total Unincorp./Other	22.1%	6,481	18.8%	5,517	20.0%	5,866
Total Incorp.	77.9%	22,832	81.2%	23,796	80.0%	23,447
North County	45.5%	13,346	45.5%	13,346	45.5%	13,346
South Coast	54.5%	15,967	54.5%	15,967	54.5%	15,967

Jurisdictions Proposed Options

The City of Goleta suggested method is preliminary, pending the resolution of the RTP scenarios and the city may have additional comments depending on what RTP scenario is ultimately selected and hearing from other member jurisdictions. The County Planning and Development Department's (P&D's) goal is to develop an objective, empirically based methodology that results in a RHNA that effectively addresses the region's severe jobs-housing imbalance. P&D did not provide a specific option but suggested more explanation on how the proposed method address the state mandates. The City of Lompoc suggests a two-step approach but did not provide a specific method.

1. City of Buellton: Step 1-30% 2000-2017 Job growth, 30% RGF Jobs, 40% RGF Households
Step 2 50% Overcrowding, 50% Cost burden.
Alternative option-10% 2017 Jobs, 20% RGF Jobs, 10% RGF Households, 30% Overcrowding, 30% Cost burden
2. City of Guadalupe: (SBCAG Scenario 2) 10% 2017 Jobs, 20% RGF Jobs, 10% RGF Hslds, 30% Overcrowding, 30% Cost Burden
3. City of Goleta: (SBCAG Scenario 5) Step 1-10% Jobs, 30% 2000-2017 Job growth, and 30% each for RGF Job and Household growth. Step 2-50% Overcrowding, 50% Cost burden

Jurisdiction	City of Buellton Option 1		City of Buellton Option 2		City of Guad. SBCAG Scenario 2		City of Goleta SBCAG Scenario 5	
	%	RHNA Allocation	%	RHNA Allocation	%	RHNA Allocation	%	RHNA Allocation
South Coast	57.8%	16,942	55.5%	16,280	55.5%	16,282	54.5%	15,967
Carpinteria	3.5%	1,026	3.1%	912	3.1%	912	3.3%	967
Santa Barbara	31.1%	9,109	30.0%	8,794	30.0%	8,793	29.3%	8,584
Goleta	7.1%	2,091	9.1%	2,675	9.1%	2,674	6.7%	1,971
Unincorp./UCSB	16.1%	4,716	13.3%	3,899	13.3%	3,901	15.2%	4,444
Lompoc Valley	11.7%	3,435	11.5%	3,366	11.5%	3,366	12.6%	3,706
Lompoc	9.5%	2,788	7.9%	2,307	7.9%	2,307	10.3%	3,008
Unincorp./VAFB	2.2%	647	3.6%	1,059	3.3%	977	2.4%	698
Santa Maria Valley	27.8%	8,149	27.6%	8,101	27.6%	8,100	30.0%	8,791
Santa Maria	22.9%	6,720	22.5%	6,596	22.5%	6,595	24.7%	7,250
Guadalupe	1.8%	534	1.2%	357	1.2%	357	2.0%	576
Unincorp.	3.0%	894	3.9%	1,148	3.9%	1,148	3.3%	965
Santa Ynez Valley	2.7%	787	5.3%	1,566	5.3%	1,565	2.9%	849
Solvang	0.8%	237	1.5%	433	1.5%	433	0.9%	255
Buellton	0.7%	204	1.2%	337	1.2%	337	0.8%	220
Unincorp./Reservation	1.2%	347	2.7%	795	2.6%	771	1.3%	374
County Total	100.0%	29,313	100.0%	29,313	100.0%	29,313	100.0%	29,313
Total Unincorp./Other	22.5%	6,604	23.5%	6,901	27.7%	8,132	22.1%	6,481
Total Incorp.	77.5%	22,709	76.5%	22,412	70.1%	20,549	77.9%	22,832
North County	42.2%	12,371	44.5%	13,033	44.5%	13,031	45.5%	13,346
South Coast	57.8%	16,942	55.5%	16,280	55.5%	16,282	54.5%	15,967

SBCAG Staff Proposal

Staff is proposing a methodology that attempts to strike a balance with the options jurisdictions submitted to SBCAG. An average of the jurisdictions options was calculated, and staff developed a methodology that closely matched the outcome of the average with the methodologies submitted. The staff methodology is a two-step approach with the first step applying a 20% weighting to Existing Jobs, 20% to 2000-2017 Job Growth, 20% to Forecast Job Growth, and 40% to Forecast Household Growth. This provides both a North County and South Coast total. In the second step, both the North County and South Coast totals are allocated to the two regions based on a weighting of 50% to the Cost Burden factor and 50% to the Overcrowding factor.

Jurisdiction	Average of Jurisdictions Proposals		SBCAG Staff Proposal	
	%	RHNA Allocation	%	RHNA Allocation
South Coast	55.9%	16,397	56.0%	16,427
Carpinteria	3.3%	968	3.4%	995
Santa Barbara	30.1%	8,829	30.1%	8,832
Goleta	7.7%	2,245	6.9%	2,028
Unincorp./UCSB	14.9%	4,354	15.6%	4,572
Lompoc Valley	11.9%	3,502	12.2%	3,578
Lompoc	9.2%	2,701	9.9%	2,904
Unincorp./VAFB	2.6%	774	2.3%	674
Santa Maria Valley	28.5%	8,347	29.0%	8,488
Santa Maria	23.4%	6,855	23.9%	7,000
Guadalupe	1.7%	489	1.9%	556
Unincorp.	3.4%	1,002	3.2%	932
Santa Ynez Valley	3.6%	1,067	2.8%	820
Solvang	1.1%	308	0.8%	246
Buellton	0.9%	254	0.7%	213
Unincorp./Reservation	1.7%	497	1.2%	361
County Total	100.0%	29,313	100.0%	29,313
Total Unincorp./Other	24.1%	7,072	22.3%	6,539
Total Incorp.	75.2%	22,030	77.7%	22,774
North County	44.1%	12,916	44.0%	12,886
South Coast	55.9%	16,397	56.0%	16,427

Allocation Factors Identified by SBCAG

Jobs: 2000, 2010, 2017 Jobs. Source - Infogroup jobs estimates.

Job Change: 2000-2010, 2010-2017, 2000-2017, as calculated.

Housing Units: 2000, 2010, 2017 housing units. Source - Census estimates and Department of Finance for 2017.

Housing Unit Change: 2000-2010, 2010-2017, 2000-2017 housing unit change, as calculated.

Jobs Housing Balance Ratio: 2000, 2010, 2017 ratios, Jobs divided by Housing Units, as calculated.

Jobs Housing Balance Change: 2000-2017 Change in jobs housing balance ratios, as calculated.

Housing Demand: (existing 2017) Jobs divided by Workers Per Household, as calculated.

Housing Demand 2000-2017: 2000-2017 job growth divided by workers per household, as calculated.

Housing Deficit or Surplus: (existing 2017) Jobs divided by workers per household subtracted by housing units, as calculated.

Housing Deficit 2010-2017: 2000-2017 jobs growth divided workers per household subtracted by 2000-2017 housing unit growth, as calculated.

Resident Workers: Workers by place of work – place level. Source - Census Table B08008.

Jobs Worker Ratio: Jobs divided by Resident Workers, as calculated.

Job Deficit or Surplus: Jobs minus Resident Workers, as calculated.

Census 2010 Population

Census 2018 Population and Household Estimates

2019 Population and Housing Unit Estimates. Source - California Department of Finance.

RGF Population, Households and Jobs Forecast: Source - SBCAG Regional Growth Forecast, 2020-2030 forecast growth.

Overpayment in Rent: Gross rent as a percentage of household income. Source - Census Table B25070.

Overcrowding: Tenure by occupants per room. Source - Census Table B25014

Units at Risk: Loss of units in assisted housing. Source - as reported by HCD

Demolished Units: Demolished units from 1/2011-1/2019. Source - Department of Finance report

Vacancy rate: Vacant for sale or rent units. Source - Census Table B25004.

Farmworkers Place of Residence: Occupation for the civilian employed population 17 years and over, Farming, fishing, and forestry occupations. Source - Census Table S2401.

Farmworkers Place of Work: Source - Census Transportation Planning Package (CTPP) Farming, fishing, and forestry occupations.

University Housing Need: Student housing location. Source - 2018-2019 UCSB Student Housing Profile.

Income Level: Income in the past 12 months, stratified into very low, low, moderate and above moderate income levels. Source - Census Table S1901.

Methodology and Statutory Requirements Compliance

The RHNA objectives provide the guiding framework for how SBCAG must develop the methodology. SBCAG is required to demonstrate how its methodology “furthers” each of the objectives. This requires proactive inclusion of each objective into the analysis and represents a higher standard than in previous cycles, which required allocations methodologies to be “consistent” with state objectives. These objectives and how the methodology furthers them are discussed below.

In addition, there are twelve RHNA factors that SBCAG must consider when distributing each jurisdiction’s overall and income category allocations. The RHNA factors must be “incorporated” into the methodology. State law mandates that each of the factors be included to the extent that sufficient data is available. These twelve factors will be discussed at a later date when a methodology is better defined.

Based on State statutes (Government Code 65584.04(a)), the RHNA Plan is to promote the following objectives:

1. Increase the housing supply and the mix of housing types, tenure (rental or ownership), 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.

This objective is inherently addressed through a methodology that assigns units at different income categories to each jurisdiction across the region. The RHNA Methodology accomplishes this by ensuring each jurisdiction receives an allocation for lower income units. Per state law, the methodology allocates units in all four income categories to each of the region’s jurisdictions. The methodology does so equitably, ensuring each jurisdiction receives an allocation for low- and very-low-income units, and further, allocating a higher share of low- and very-low income units to jurisdictions that currently have a smaller share of low- and very-low-income households than the regional share. State law requires jurisdictions to zone at higher densities to accommodate its low- and very-low-income housing allocation. As jurisdictions plan for and build housing, the mix of housing types will increase.

2. Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns, and the achievement of the region’s greenhouse gas reductions targets provided by the Air Resources Board pursuant to Section 65080.

These objectives share many of the same goals as the RTP. Among other things, the RTP forecasted development pattern promotes a larger proportion of housing in the job rich South Coast and supports an infill development pattern that will achieve the climate goals given to SBCAG by the state. The RHNA methodology is consistent with these objectives by allocating more housing to the South Coast. This will help to reduce the vehicle trip distances and increase the potential for non-auto commute options for lower income residents.

The methodology prioritizes transit and jobs to encourage efficient development patterns and reduce GHG emissions. By allocating housing units based on these factors, local jurisdictions are encouraged to zone and build housing near job centers, which are located in the urbanized areas of the region. Therefore, an allocation based on jobs will lead to more infill development while protecting natural resources and open space; because infill development can occur on under-used land, the methodology supports provision of housing even in areas that are currently considered built-out

3. Promote 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.

The RTP promotes an improved intraregional relationship between total jobs and total housing units as a means to achieving better climate and transportation outcomes with the weighting of a larger proportion of housing in the job rich South Coast relative to the North County. The RHNA Methodology includes an overcrowding and cost burden adjustment factor that seeks to house more low-wage workers near their jobs by encouraging zoning for more affordable housing types. Furthermore, the methodology's equity adjustment improves the balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction by allocating a higher share of low- and very-low-income housing units to jurisdictions that currently have a smaller share of low- and very-low-income households than the regional share. The methodology also considers recent and forecast job growth to anticipate future housing need as estimated in the SBCAG Growth Forecast.

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 guided the development of the equity adjustment used to ensure the methodology will result in allocation of housing units to each of the income categories. This adjustment results in a jurisdiction receiving a lower proportion of its total housing units within an income category when it has a higher share of households within that income category compared to the region. This method shifts units across income categories, rather than adding units to a jurisdiction's total housing unit allocation, allowing for a mix of housing types and affordability near transit and jobs.

5. Affirmatively furthering fair housing: <https://www.treasurer.ca.gov/ctcac/opportunity.asp>.

Legislation passed in 2018 requires SBCAG to incorporate affirmatively furthering fair housing (AFFH) principles into the RHNA methodology. The RHNA Methodology includes an AFFH adjustment factor that seeks to open up high opportunity areas, as defined in the State Housing Opportunity Maps, to all economic segments of the community by encouraging jurisdictions with higher than average proportions of homes in high opportunity areas to zone for more affordable housing types. Jurisdictions in the South Coast are identified as high resource areas on the Opportunity Maps and were allocated proportionately more very low- and low-income housing need as these jurisdictions also had fewer households in these income categories relative to North County jurisdictions.

The Equity Adjustment within the methodology addresses the disparities in access to resource-rich areas by providing housing opportunities for people in all income levels to reside in any given community. This is meant to foster and maintain compliance with civil rights and fair housing laws. The Equity Adjustment in the methodology assists in overcoming patterns of discrimination and transforming racially and ethnically concentrated areas of poverty into areas of opportunity by allocating a higher proportion of low-income housing units to jurisdictions with a lower share of low-income households, which tend to be jurisdictions with a high concentration of resource-rich areas.

HCD Consultation Process

The RHNA process as prescribed by Government Code Section 65584 et seq. requires a consultation process between SBCAG and the State Department of Housing and Community Development (HCD) before HCD issues its final determination of regional total housing need for the SBCAG region. SBCAG staff has reviewed the HCD formulas and verified input data. The following comments are the result of this review.

Vacancy Rate:

The numerator and denominator are not consistent in the categories of vacant units. The denominator includes vacant (excluding seasonal, migrant, and other) units and occupied units for a total housing unit estimate. Why not include seasonal, migrant and other.

HCD Response:

HCD has confirmed that they use the official census definition of rental and owner vacancy rates as shown below that exclude the seasonal, migrant and other vacant units. This is consistent with their calculation of vacancy rate in the regional determination.

Rental Vacancy Rate. The rental vacancy rate is the proportion of the rental inventory which is vacant for rent. In tables 1 and 2, the rates are computed using the following formula:

$$\text{Rental Vacancy Rate (\%)} = \left[\frac{\text{Vacant year-round units for rent}}{\left(\text{Renter occupied units} \right) + \left(\text{Vacant year-round units rented but awaiting occupancy} \right) + \left(\text{Vacant year-round units for rent} \right)} \right] * 100$$

Homeowner Vacancy Rate. The homeowner vacancy rate is the proportion of the homeowner inventory which is vacant for sale. In tables 1 and 2, the rates are computed using the following formula:

$$\text{Homeowner Vacancy Rate (\%)} = \left[\frac{\text{Vacant year-round units for sale only}}{\left(\text{Owner occupied units} \right) + \left(\text{Vacant year-round units sold but awaiting occupancy} \right) + \left(\text{Vacant year-round units for sale only} \right)} \right] * 100$$

Also, a concern is the 5% vacancy rate for owner and renter combined. The owner vacancy rate of 5% can be considered high relative to other regions as noted by the table below.

Owner and Renter Vacancy Rate Comparisons

Area	Rental Vacancy Rates		Homeowner Vacancy Rates	
	Second Quarter 2019	Second Quarter 2020	Second Quarter 2019	Second Quarter 2020
United States	6.8	5.7	1.3	0.9
Inside Metropolitan Statistical Areas	6.6	5.4	1.3	0.8
In principal cities	7	5.6	1.4	1
Not in principal cities (suburbs)	6.2	5.3	1.2	0.8
Outside Metropolitan Statistical Areas	8.2	8.2	1.4	1
Northeast	5.3	4.2	1.2	0.9
Midwest	6.8	6.8	1	0.7
South	8.9	7.4	1.7	1
West	4.8	3.8	1.1	0.7

Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, July 28, 2020.

HCD Response

The statute says the rental vacancy rate shall be no lower than 5%. So instead of breaking down the housing stock by tenure and assigning a potentially higher vacancy rate standard than 5% to the rental stock, HCD decided to assign an overall rate of 5%.

Overpayment-Cost burden:

Please refer to the Overpayment Calculation Worksheet — Cell E8. Overpayment includes existing household’s vacancy adjustment, existing overcrowding and replacement units and forecast households. It makes the assumption that all future housing will be overpaid. It should be based on existing households and added to future need only. Cost burden assumes vacancy need, overcrowding need, and replacement need will be cost burdened.

5,173 Vacancy + 11,711 Overcrowding + 804 Replacement + (Projected Households -Occupied H.U.) = 2,600 Cost burden adjustment vs. SBCAG’s suggestion: (Projected Households -Occupied H.U.) = 878 Cost burden adjustment.

HCD Response:

For cost burden, it is not likely that they will deviate from their current formula.

Overcrowding:

The HCD method assumes projected households have the same overcrowding as existing.

7.28% over national average X 160,850 Projected households =11,711 overcrowding need vs. SBCAG's suggested 7.28 X 151,825 (DOF June 30 estimate) existing households = 11,052 overcrowding need.

HCD Response:

Government Code section 95584.01(b) gives HCD the authority to make "adjustments based on the region's total projected households, which includes existing households as well as projected households." The overcrowding adjustment was applied in this manner. Because we don't know the future overcrowding rate, we use the current rate and assume projected households will have the same rate.

City of Goleta Comment:

Is there a fundamental flaw in HCD's methodology regarding the additional units for "existing need" (overcrowding/overpayment)?

Under HCD's current approach, the total RHNA equals the growth need plus the existing need, and existing need is all the households who are currently overcrowded or cost-burdened. If additional units are assigned through the RHNA and built for those households with existing needs, many if not most of their current housing units would become available to other households, which would offset a portion of the projected need. It makes sense that at least some portion of the existing need should be subtracted from the projected need. Some portion of existing overcrowded households are likely due to households "doubling-up", but those households are already counted in the methodology for calculating projected need based on headship rates. This amounts to double-counting of need, in multiple respects.

Simplified example: Region "A" has 100 occupied housing units now, and 25 of those households are either overcrowded or overpaying. Their projected growth is 25 households during the 8-year RHNA period. As a result their RHNA is 25 growth need + 25 existing need = 50 units. Over the 8-year period 50 new units are built and the 25 overcrowded/cost-burdened households move into 25 of those new units. 25 existing units previously occupied by those overcrowded/cost-burdened households become available to offset household growth, in addition to 25 more new units. 50 additional units are available for 25 new households.

SBCAG's Response:

Both overcrowding and overpayment resulted from SB 828 (2018). SB 828 also changed the vacancy rate calculation. Each of these three factors are interesting that they seek to increase housing units without necessarily increasing population. They could be viewed as a penalty for past under production. This is why SBCAG staff suggested that the associated RHNA number could be assigned back to the jurisdictions that it resulted from – so not to penalize any jurisdiction that didn't contribute to that portion of the determination. Overcrowding and overpayment are factors available for use in the spreadsheet model.

SBCAG staff also takes issue with using both overcrowding and overpayment. In theory, the result of overpayment is overcrowding. The State could have achieved the same objective by focusing on one. You could also make the argument that they all tie back to the vacancy rate. A low vacancy rate leads to overpayment which then leads to overcrowding. Despite that, SB 828 is law and HCD wouldn't have the flexibility to make related changes to the calculations.

SB 828 text: https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180SB828.

Other Regions Consultation and HCD Response

SCAG had a number of issues related to the determination, including use of SCAG's forecast vs. DOF, finding an appropriate "comparable region", the overlap between overcrowding and cost burdened households, and appropriate vacancy rates. Despite SCAG's objections, they received a regional determination more than 3 times as high (1,300,000) as their previous cycle and received a reduction of only 3,000 or so units after their appeal review. SCAG'S analysis of comparable regions was not accepted by HCD.

SANDAG, SACOG and ABAG regions accepted their allocations with SACOG and AMBAG developing a comparable regions analysis vs. using the national average for overcrowding and cost burden that was accepted by HCD thus lowering their initial allocation. The consultation letters from these agencies to HCD are included in the attachments.

Buellton Planning Factors Survey Response

PLANNING FACTORS SURVEY – CITY OF BUELLTON RESPONSE

1. Existing and projected jobs and housing relationship, particularly low-wage jobs and affordable housing

There is currently a net inflow of jobs into the City. Most jobs within the City are in the accommodation and food services, agricultural, manufacturing and retail trade industries.

2. Lack of capacity for sewer or water service due to decisions made outside of the jurisdiction's control
No issue

3. Availability of land suitable for urban development

City is largely built out with only a few vacant parcels remaining which are suitable for development. The City is also limited by the existing Urban Growth Boundary that is in place in the City through at least 12/31/2025. The UGB is contiguous with current City limits.

4. Lands protected from development under Federal or State programs

5. County policies to preserve agricultural land

6. Distribution of household growth assumed for regional transportation planning and opportunities to maximize use of public transportation

7. Agreements between a county and cities to direct growth to incorporated areas of the county
N/A

8. Loss of low-income units through contract expirations
N/A – No issue

9. Percentage of households that pay more than 30% and more than 50% of their income on rent

10. Rate of overcrowding

11. Farmworker housing needs

12. Housing needs generated by the presence of a university campus within the jurisdiction
N/A - None

13. Loss of units during a declared state of emergency that have yet to rebuilt at the time of this survey
N/A - None

14. The region's greenhouse gas emission targets provided by the California Air Resources Board

15. Other factors