

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

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February 16, 2021

Marjie Kirn, Executive Director
Santa Barbara County Association of Governments
260 North San Antonio Road, Suite B
Santa Barbara, CA 93110

Dear Executive Director Marjie Kirn:

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

Thank you for submitting the draft Santa Barbara County Association of Governments (SBCAG) 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 methodologies to determine whether a methodology furthers the statutory objectives described in Government Code Section 65584(d).

The draft SBCAG RHNA methodology begins with the total regional determination provided by HCD of 24,856 units. The methodology divides the determination into two subregions—North County and South Coast—and allocates units to each subregion based on access to jobs. The methodology includes a 60 percent weighting applied to existing jobs and a 40 percent weight applied to forecasted 2020-2030 jobs from SBCAG's Regional Growth Forecast.

The methodology distributes the subregional allocations to cities and unincorporated areas based on a 50 percent weighting for both overcrowding and cost burden. Lastly, the methodology adjusts based on the current distribution of housing in terms of RHNA's four income categories.

In addition to being divided into north and south subregions, the methodology divides the unincorporated areas of Santa Barbara County into four specific areas: South Coast, Lompoc Valley, Santa Maria Valley, and Santa Ynez Valley. The unincorporated South Coast area receives most of the unincorporated units.

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HCD has completed its review of the methodology and finds that the draft SBCAG RHNA Methodology furthers the statutory objectives described in Government Code 65584(d).¹ HCD commends SBCAG for including factors in the draft methodology that direct units toward jurisdictions with more jobs and direct lower income units into high resource areas. In the interest of furthering RHNA statutory objective 4 (balancing income distributions), the draft SBCAG methodology makes adjustments that increase the number of lower income units going to higher income areas as a percentage of their total allocation. The inclusion of overcrowding as an allocation factor advances the objective of increasing housing supply where it is needed, but has the potential to weaken the furthering of other objectives, including the affirmatively furthering fair housing objective, as overcrowding can often be correlated with under-resourced and lower income communities. However, SBCAG's methodology balances this by applying a focus on jobs in the regional allocation and a strong equity adjustment to its jurisdictions, shifting over 75% of the lower income RHNA toward high resources areas with access to jobs.

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 allocates larger shares of RHNA to jurisdictions that experience higher rates of housing cost burden and higher rents. For example, the cities of Santa Barbara, Santa Maria, and Guadalupe have the highest share of cost burdened households and receive the highest share of RHNA as a proportion of existing households. Santa Maria and Guadalupe also have the highest rates of overcrowding. Santa Barbara receives the largest allocation both in terms of the highest ratio of RHNA units to existing units and percentage share of the region's RHNA. Santa Barbara also has the highest typical home value and the third highest median rent in the region.

Due to a strong equity adjustment, higher income jurisdictions generally receive greater lower income RHNA allocations relative to their existing share of households. On average, higher income cities receive a share of lower income RHNA that is greater than their share of existing households. Lower income cities receive a smaller share of lower income RHNA relative to their existing households.

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 SBCAG methodology encourages a more efficient development pattern. The

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¹ While HCD finds this methodology compliant, applying this methodology to another region or cycle may not necessarily further the statutory objectives as housing conditions and circumstances may differ.

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initial jobs factor included in the methodology directs more housing units to areas with lower vehicle miles traveled (VMT) and more jobs and transit. For example, Santa Barbara, with the second lowest annual household VMT and the largest share of the region's job, receives the most RHNA in total numbers and by regional share. Santa Maria, with the lowest VMT and the third largest share of the region's jobs, receives the second largest RHNA allocation for a city in terms of total numbers and regional share. Both Santa Barbara and Santa Maria rank in the top three cities in terms of jobs access via 30-minute car commute. Further, the more urbanized South Coast unincorporated area receives the largest share of the unincorporated county RHNA at 73 percent. Conversely, the high-VMT cities of Buellton and Solvang receive the lowest allocations.

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.

The draft SBCAG methodology generally allocates more RHNA units to jurisdictions with more jobs. For instance, the City of Santa Barbara, the unincorporated county, and Santa Maria have the largest shares of the region's jobs and receive the largest percentage of the allocation. These three areas also have the most lower income jobs and receive the most lower income RHNA.

Santa Barbara and Goleta have the highest jobs/housing imbalance with 2.4 jobs for every housing unit. The methodology mitigates this imbalance with high allocations to the region's job centers. However, the methodology is less effective at addressing overall jobs/housing imbalances for smaller jurisdictions. Additional weighting of a jobs factor could be employed during the next cycle to help address these imbalances.

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 by a strong adjustment made to rebalance allocated units among the income categories. As a result of this adjustment, lower income jurisdictions receive 18 percent of their RHNA as lower income units on average, whereas higher-income jurisdictions receive 49 percent of their RHNA as lower income units. For example, Guadalupe, Lompoc, and Santa Maria currently have the top three highest percentages of lower income households and receive the smallest percentage of lower income RHNA units. This adjustment moves the region towards planning for a more even distribution of lower income households, which will increase housing planning for low- and very-low-income households in higher income communities. Further, not only does this adjustment further objective four, it also ensures lower income units are distributed equitably relative to objectives one and five.

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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.

SBCAG's methodology directs more lower income RHNA to higher-resourced areas. This is accomplished through an equity adjustment that increases the percentage of lower income units directed toward high resource and opportunity areas. The jobs focus and strong equity adjustment helped balance the potential consequences for this objective related to using overcrowding in the allocation.

HCD appreciates the active role of SBCAG staff in providing data and input throughout the draft SBCAG RHNA methodology development and review period. HCD especially thanks Michael Becker and Brian Bresolin for their significant efforts and assistance.

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

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

- SB 2 Planning Grants Technical Assistance: Ongoing regionally tailored technical assistance will also remain available throughout the housing element development timeline. Technical assistance information is available at <https://www.hcd.ca.gov/community-development/planning-grants-ta.shtml>.
- HCD also encourages all SBCAG's local governments to consider the many other affordable housing and community development resources available to local governments, including the Permanent Local Housing Allocation. HCD's programs can be found at <https://www.hcd.ca.gov/grants-funding/nofas.shtml>.

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Tom Brinkhuis, Housing Policy Specialist at (916) 263-6651 or tom.brinkhuis@hcd.ca.gov.



Megan Kirkeby
Deputy Director