

SBCAG STAFF REPORT

SUBJECT: Regional Housing Needs Allocation (RHNA) Methodology

MEETING DATE: December 17, 2020

AGENDA ITEM: 8

STAFF CONTACT: Michael Becker

RECOMMENDATION:

- A. Conduct a public hearing to receive public comment on the draft RHNA methodology for allocation of housing need to the region's jurisdictions consistent with the requirements of Government Code § 65584(d).
- B. Authorize SBCAG staff to submit the draft RHNA methodology, as described in Attachment A, to the State's Department of Housing and Community Development for review and comment.

DISCUSSION:

This item represents a milestone in satisfying SBCAG's role in the 6th cycle of RHNA. Staff is requesting the SBCAG Board conduct a public hearing to accept comment on the draft RHNA methodology, and then after considering any comments, authorize SBCAG staff to submit the draft RHNA methodology for its required review.

SBCAG's role in RHNA two distinct aspects: 1) consultation with the California Department of Housing and Community Development (HCD) on a regional determination (# of housing units), and 2) development of a methodology to allocate the region-wide number of housing units to the region's nine local jurisdictions. Following the completion of both aspects each jurisdiction's RHNA allocation will be known. Today's item focuses on the methodology.

It is not until after HCD's review that the methodology will be considered for adoption by the SBCAG Board. HCD's review is focused on how the methodology advances the five RHNA objectives.

SBCAG staff, in consultation with the region's local planning staffs and HCD staff, have explored a variety of potential methodologies. During the December 3, 2020 Technical Planning Advisory Committee (TPAC), members voted (8-1, Carpinteria nay, Lompoc absent) to recommend the SBCAG Board authorize staff to submit the methodology referred to as Alternative #3 to HCD for the required review. The balance of this staff report details the methodology and how it seeks to advance the five RHNA objectives.

Methodology (Alternative #3)

To satisfy the requirements of Government Code § 65584.04(a) SBCAG, in consultation with HCD staff, elected to pursue a two-step methodology. SBCAG employed a two-step methodology in prior RHNA cycles as well. The Santa Barbara County region is divided into two distinct subregions – North County and South Coast. The Santa Ynez Mountain Range serves

Member Agencies

Buellton ■ Carpinteria ■ Goleta ■ Guadalupe ■ Lompoc ■ Santa Barbara ■ Santa Maria ■ Solvang ■ Santa Barbara County

as a natural barrier between these two subregions. The first step of the two-step methodology divides the allocation into two subregional numbers. The value of the two-step methodology is it enables focus on the region's subregional jobs-housing imbalance.

First Step

The first step factors include a 60 percent weighting on existing jobs (InfoUSA, 2017) and a 40 percent weighting on forecasted 2020-2030 jobs (SBCAG Regional Growth Forecast, 2019). The 60/40 split allows for addressing the existing jobs-housing imbalance while also recognizing that conditions shift over time, though in reality there is not a significant difference in the result when assessing sensitivity using a 100 percent allocation of either factor. The result of the first step allocates 60 percent of the region's RHNA determination to South Coast jurisdictions which also hosts 60 percent of the region's jobs.

A variety of first-step alternatives were considered and Alternative #3 prevailed because it most directly addresses the biggest fundamental planning challenge facing the Santa Barbara County region – its jobs-housing imbalance.

Second Step

The second step in the two-step formula allocates the North County and South Coast allocations to each of the respective local jurisdictions. The same second-step formula is applied to both subregions.

Considerable debate by both the RHNA Project Development Team (PDT) and TPAC members occurred when considering alternatives for a second step. Recognizing the intent of SB 828 (2018) which was to consider additional factors when calculating RHNA numbers, including the factors of overcrowding and cost burden, Alternative #3 rose to the top among second-step alternatives. The methodology includes equal weighting (50 percent) of both overcrowding and cost burden. The U.S. Census Bureau collects the inputs used for overcrowding and cost burden by both SBCAG and HCD.

Other factors that were considered as part of a second-step include: vacancy rate, forecasted household growth, forecasted job growth, and existing jobs, each under a variety of weightings. All the above factors and more were included in a comprehensive spreadsheet and database that allowed SBCAG staff, PDT, and TPAC members to develop various alternative allocation methods. The PDT and TPAC members selected overcrowding and cost burden for the following reasons:

1. Approximately 55 percent of the region's draft RHNA determination resulted from SB 828. Employing overcrowding and cost burden recognizes the intent of SB 828 and assigns the corresponding units to the jurisdictions challenged by overcrowding and cost burden.
2. SB 828 caused the RHNA determination to exceed forecasted need and therefore the excess can be used to directly reduce overcrowding and cost burden.
3. When considering overcrowding and cost burden, as well as other options, the results remained in a relatively narrow band.
4. Of the options discussed, overcrowding and cost burden provide for simplicity in both the methodology and the ability to explain it to members of the public and elected officials.

Attachments A and B provide the results from the proposed methodology.

Income Group Allocation Methodology

To satisfy the requirements of Government Code § 65584(d)(4) SBCAG staff developed two methodologies for discussion by the RHNA PDT and TPAC members. The methodologies differed in the degree to which they sought to correct the income group disparities, though both sought to advance toward parity. TPAC members voted to support for the methodology that works toward parity more expeditiously. Note that income group disparities exist to the point that they cannot be corrected within a single RHNA cycle. Following is a description of the methodology.

- Calculate the existing income group proportions for each jurisdiction
- Subtract the regional average income group proportion for each income group category and each jurisdiction
- Multiply by 1.5 to amplify the values (unique to the selected methodology)
- Add the values to the regional average income group proportions for each income group category and each jurisdiction
- Multiply the values for each jurisdiction's income group by that jurisdiction's RHNA allocation to determine allocation by income group
- Normalize

Attachments A and B provide the results from the proposed methodology. Attachment C provides the degree to which the methodology seeks to correct for disparity.

For the purpose of comparing the two considered methodologies the following link, providing an attachment from the October 19, 2020 RHNA PDT meeting, shows the difference between the two alternatives: http://www.sbcag.org/uploads/2/4/5/4/24540302/attachb_incomedistalts.pdf.

Objectives

Development of the RHNA allocation methodology and the income group allocation methodology was focused on satisfying the five RHNA objectives (Govt. Code § 65584(d)(1-5)).

1. Increase 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.

Alternative #3 provides the largest shares of housing to the jurisdictions with the highest housing costs. To balance this, and to promote a mix of housing types, the methodology, by adjusting jurisdictions allocations by income levels, subsequently seeks to provide larger shares of very low- and low-income categories to these jurisdictions. Jurisdictions such as Guadalupe and Lompoc, which already contain a disproportionate share of very-low and low-income housing are provided higher proportions of moderate and above-moderate housing allocations, for example. In accordance with State law, the methodology will allocate housing in all four income groups to each jurisdiction.

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.

This methodology directly complements the region's sustainable communities' strategy (SCS) which seeks to reduce greenhouse gases emitted by light-duty vehicles. SBCAG's SCS achieves the required greenhouse gas emissions largely by addressing the region's jobs-

housing imbalance. SBCAG's year 2035 GHG reduction target is -17 percent per capita. Scenarios tested in the development of the SCS found that correcting the jobs-housing imbalance is the only realistic means of meeting the required GHG reductions. In excess of 77 percent of the region's determination is allocated to incorporated cities, thereby advancing this objective by promoting infill development. In addition, the allocation provided to the unincorporated county could reasonably be assumed to be accommodated within currently developed areas. Much of the existing development in the unincorporated county is indistinguishable to the cities it abuts; therefore, it is not assumed to place demand on transportation inefficient parcels of land.

In its planning factors' survey response, County staff noted that 81 percent of the unincorporated county is preserved or protected from urban development by means of the Williamson Act, being federal land, or land owned by conservation organizations. This condition largely constrains new development in the unincorporated county to areas already developed.

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 Alternative #3 methodology directly addresses the imbalance between jobs and housing. Sub regionally, the allocation of housing units directly corresponds with jobs, 60 percent focused on existing jobs and 40 percent on forecasted job growth. In addition, the income group allocation methodology provides the greatest number of very low- and low-income units to the jurisdictions hosting the largest shares of the region's jobs. The methodology expands opportunity for very low- and low-income populations to be better connected to employment opportunity. While there are low-wage jobs throughout the county, the South Coast has a prevalence of low-wage service and tourism related jobs and the region's highest housing costs which results in drawing commuters from outside the South Coast (Northern Santa Barbara County and Ventura County). A South Coast emphasis on an improved job housing balance, income parity, and affirmatively furthering fair housing focuses on the improvement of the jobs housing fit between low-wage jobs and the housing needs of low wage workers.

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.

Addressing the income-equity disparities of the region's jurisdictions was a key focus of the income group allocation methodology. Though it was found that the disparity could not be completely corrected within a single RHNA cycle, Alternative #3 achieves the maximum possible disparity reconciliation within a single RHNA cycle. Addressing this objective to a higher degree would have resulted in the inability to satisfy Objective 1.

Attachments A and B illustrate the degree of variation in income group allocation resulting from the methodology. Attachment C highlights the degree that disparity is corrected with the proposed methodology.

5. Affirmatively furthering fair housing.

SBCAG staff reviewed the 2020 version of the California Tax Credit Allocation Committee Opportunity Map for Santa Barbara County as it was developing the methodology. Areas

containing the highest resource and high resource areas are concentrated in southern Santa Barbara County, the Santa Ynez Valley, and the unincorporated community of Orcutt. Coincidentally, portions of the region with disproportionate shares of existing very low- and low-income households are also reflective of the lack of highest resource and high resource areas. Therefore, this objective could be addressed by satisfying Objectives 1 and 4, though SBCAG was prepared to further address fair housing if needed. Two options were considered, as described in the Income Group Allocation Methodology discussion, and based on the second alternative, the alternative which employed a 1.5 times multiplier to amplify disparity, best addressing the affirmatively furthering fair housing objective received the most support. The result of this method allocates 73 percent of the region's combined very low- (71 percent) and low-income (76 percent) units to jurisdictions hosting the highest resource and high resource areas.

Per CEQA Guidelines Section 15283, CEQA does not apply to regional housing needs determinations made by the Department of Housing and Community Development, a council of governments, or a city or county pursuant Section 65584 of the Government Code.

Next Steps

Pending SBCAG Board authorization, staff will submit the draft methodology to HCD for review. Following HCD's review, staff will return seeking Board adoption of the methodology.

ATTACHMENT:

- A. Alternative #3 Results (%)
- B. Alternative #3 Results (#)
- C. Income Group Disparity: Variation from Mean

Attachment A

Alternative #3 Results (%)

Jurisdiction	Percent of Regional Determination	Percent Allocation by Income Level and Jurisdiction			
		Very Low	Low	Moderate	Above Moderate
Carpinteria	3.63%	30.82%	14.61%	14.61%	39.97%
Santa Barbara	32.19%	26.51%	17.17%	17.76%	38.55%
Goleta	7.39%	35.47%	17.52%	19.98%	27.00%
Uninc. (South Coast)	16.66%	20.16%	22.93%	25.52%	31.37%
Lompoc	9.05%	9.61%	11.65%	13.36%	65.43%
Uninc. (Lompoc Valley)	2.10%	38.11%	13.73%	9.72%	38.42%
Santa Maria	21.80%	19.73%	9.91%	12.99%	57.41%
Guadalupe	1.73%	3.71%	5.65%	17.70%	73.02%
Uninc. (Santa Maria Valley)	2.90%	34.74%	16.34%	16.04%	32.87%
Solvang	0.77%	28.12%	20.05%	11.05%	40.76%
Buellton	0.66%	32.02%	22.18%	17.87%	27.89%
Uninc. (Santa Ynez Valley)	1.13%	32.17%	18.97%	20.07%	28.76%
County Total	100.00%	24.60%	15.90%	17.20%	42.30%
Total Unincorporated	22.79%	27.62%	19.56%	20.38%	32.42%

Attachment B

Alternative #3 Results (#)

Jurisdiction	Tentative RHNA Allocation	Allocation by Income Level and Jurisdiction			
		Very Low	Low	Moderate	Above Moderate
Carpinteria	1,063	328	155	155	425
Santa Barbara	9,435	2,501	1,620	1,676	3,637
Goleta	2,166	768	379	433	585
Uninc. (South Coast)	4,885	985	1,120	1,247	1,532
Lompoc	2,652	255	309	354	1,735
Uninc. (Lompoc Valley)	615	234	84	60	236
Santa Maria	6,390	1,260	633	830	3,668
Guadalupe	508	19	29	90	371
Uninc. (Santa Maria Valley)	851	296	139	136	280
Solvang	225	63	45	25	92
Buellton	194	62	43	35	54
Uninc. (Santa Ynez Valley)	330	106	63	66	95
County Total	29,313	7,211	4,661	5,042	12,399
Total Unincorporated	6,680	1,845	1,307	1,361	2,165

*note that a small amount of rounding error may be present

*assumes a 29,313 unit determination

Attachment C

Income Group Disparity: Variation from Mean

	Existing				Including Draft Allocation			
	Very Low	Low	Mod.	Abv. Mod.	Very Low	Low	Mod.	Abv. Mod.
Carpinteria	-4.1%	0.9%	1.7%	1.6%	-2.4%	0.5%	1.0%	0.9%
Santa Barbara	-1.3%	-0.8%	-0.4%	2.5%	-0.6%	-0.4%	-0.2%	1.2%
Goleta	-7.3%	-1.1%	-1.9%	10.2%	-4.3%	-0.6%	-1.1%	6.0%
Uninc. (SC)	3.0%	-4.7%	-5.5%	7.3%	1.6%	-2.6%	-3.1%	4.0%
Lompoc	10.0%	2.8%	2.6%	-15.4%	5.9%	1.7%	1.5%	-9.1%
Uninc. (LV)	-9.0%	1.4%	5.0%	2.6%	-6.8%	1.1%	3.7%	1.9%
Santa Maria	3.3%	4.0%	2.8%	-10.1%	1.7%	2.1%	1.5%	-5.3%
Guadalupe	13.9%	6.9%	-0.3%	-20.5%	6.9%	3.4%	-0.2%	-10.1%
Uninc. (SMV)	-6.8%	-0.3%	0.8%	6.3%	-5.7%	-0.2%	0.7%	5.3%
Solvang	-2.4%	-2.8%	4.1%	1.0%	-1.8%	-2.2%	3.2%	0.8%
Buellton	-4.9%	-4.2%	-0.4%	9.6%	-3.8%	-3.2%	-0.3%	7.3%
Uninc. (SYV)	-5.0%	-2.1%	-1.9%	9.0%	-4.1%	-1.7%	-1.6%	7.4%
County Total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Unincorporated	-2.0%	-2.4%	-2.1%	6.6%	-1.4%	-1.7%	-1.4%	4.4%

*assumes 29,313 unit determination and 1.5x income group methodology

Variation from mean

