

SBCAG STAFF REPORT

SUBJECT: Regional Housing Needs Allocation (RHNA) Methodology

MEETING DATE: March 18, 2021 **AGENDA ITEM:** 5

STAFF CONTACT: Michael Becker

RECOMMENDATION:

Adopt Resolution 21-03 (Attachment A) adopting the 6th Cycle Regional Housing Needs Allocation distribution methodology for the SBCAG region enabling staff to distribute draft housing need allocations to local agencies and to begin the required 45-day appeals period.

DISCUSSION:

SBCAG, in its role as the Council of Governments for the Santa Barbara County region is responsible for carrying out certain aspects of the Regional Housing Needs Allocation (RHNA) process in accordance with Government Code Section 65580, et seq. During its December 17, 2020 meeting, the SBCAG Board of Directors authorized the submittal of the methodology described below for review by the Department of Housing and Community Development (HCD) (see Attachment B). On February 16, 2021, HCD provided findings (Attachment C) to SBCAG regarding the proposed methodology, finding that the proposed methodology furthers the statutory objectives described in Government Code 65584(d). The final step for the methodology is formal adoption, by resolution, by the SBCAG Board of Directors. Adoption by resolution is required by Government Code Section 65584.04(k).

Allocation Methodology

The methodology developed in partnership with the region’s local agencies and reviewed by HCD is a two-step methodology that first allocates north county and south county shares based on existing employment (InfoUSA, 2017) and forecasted 2020-2030 employment growth (SBCAG Regional Growth Forecast, 2019). In the second step, the sub-regional shares are allocated to the respective jurisdictions based on cost burden and overcrowding factors (American Community Survey, 2018, 5-year sample, Tables B25070 and B25014, respectively). The methodology is more thoroughly described in the methodology submittal letter (December 18, 2020) provided to HCD (Attachment B).

Income-Group Allocation Methodology

The RHNA determination provided by HCD includes housing need across four income levels, with specific numbers of housing units in each income. The proportion of housing units assigned to each jurisdiction was determined by comparing each jurisdiction’s existing household composition against the regional average per income group and amplifying that disparity by 1.5 times. Therefore, for example, a jurisdiction with a disproportionate share of very-low income households is provided with an allocation containing a smaller share of housing units in that category. The methodology for allocating by income level is more thoroughly described in the methodology submittal letter (Attachment B).

Draft-6th Cycle Allocations

The draft allocations provided in the table below shall be considered draft until the methodology is adopted by the SBCAG Board and formal allocation letters are distributed to local agencies.

With the two key components of SBCAG’s RHNA process, determination and methodology, complete, draft 6th cycle allocations are available. The table below provides draft allocations based on the final 6th cycle determination and the methodology.

Draft-Final Allocations (#)

Jurisdiction	RHNA Allocation	Allocation by Income Level			
		Very Low	Low	Moderate	Above Moderate
Carpinteria	901	286	132	135	348
Santa Barbara	8,001	2,147	1,381	1,441	3,032
Goleta	1,837	682	324	370	461
Uninc. (South Coast)	4,142	809	957	1,051	1,325
Lompoc	2,248	166	262	311	1,509
Uninc. (Lompoc Valley)	521	209	72	54	186
Santa Maria	5,418	1,032	536	731	3,119
Guadalupe	431	3	24	77	327
Uninc. (Santa Maria Valley)	721	262	118	118	223
Solvang	191	55	39	22	75
Buellton	165	55	37	30	43
Uninc. (Santa Ynez Valley)	280	93	53	57	77
County Total	24,856	5,799	3,935	4,397	10,725
Total Unincorporated	5,664	1,373	1,200	1,280	1,811

Next Steps

Assuming SBCAG Board adoption of the methodology, SBCAG will transmit allocation letters to each local agency. Receipt of the draft RHNA allocation starts a 45-day appeal period in which jurisdictions can appeal their own, or other jurisdiction’s allocation consistent with Government Code Section 65584.05(b). The close of the appeals period is expected to be May 3, 2021. At the close of the appeals period, SBCAG will notify all local agencies of any appeals received. If no appeals are received SBCAG will issue final RHNA allocations. If one or more appeals are received, local agencies have 45 days to comment on the appeal(s). This comment period is expected to close on June 17, 2021. Within 30 days of the close of the 45-day appeal period a public hearing of the SBCAG Board of Directors will be held to consider appeals, if any. Appeals will be heard during the Board’s June or July meeting. Either date would satisfy the 30-day requirement. Resolution of any appeals will enable release of the draft RHNA Plan for public comment. The final RHNA Plan is expected to be adopted by the SBCAG Board during its August 2021 meeting.

ATTACHMENTS:

- A. Resolution 21-03
- B. Methodology Submittal Letter
- C. HCD Findings

ATTACHMENT A

A RESOLUTION OF THE SANTA BARBARA COUNTY ASSOCIATION OF GOVERNMENTS

ADOPTION OF THE SIXTH REGIONAL)
HOUSING NEEDS ALLOCATION CYCLE)
METHODOLOGY FOR THE SANTA)
BARBARA COUNTY REGION)
_____)

RESOLUTION NO. 21-03

WHEREAS, the Santa Barbara County Association of Governments (SBCAG) is the Metropolitan Planning Organization for the Santa Barbara County region; and

WHEREAS, California state housing element law requires SBCAG adopt a methodology for distributing the existing and projected regional housing need to each of the local jurisdictions within the SBCAG region; and

WHEREAS, the California Department of Housing and Community Development (HCD) is required to consult with SBCAG in determining the existing and projected housing need for the region prior to each housing element cycle; and

WHEREAS, on January 27, 2021, HCD provided SBCAG with a regional housing need number of 24,856 units distributed among four income categories, very-low (23.3%, low (15.8%), moderate (17.7%), and above-moderate (43.2%) for the 6th Housing Element Cycle (2023-2031); and

WHEREAS, SBCAG conducted a public hearing in December 2020 to formally receive verbal and written comments on the proposed Regional Housing Needs Allocation methodology options, in addition to two public workshops conducted in September 2020 and three publicly-accessible Technical Planning Advisory Committee (TPAC) meetings discussing methodology options; and

WHEREAS, after considering the public comments and the TPAC recommendation, at its December 18, 2020 meeting, the SBCAG Board of Directors authorized the submittal of the draft RHNA methodology for the 6th Housing Element Cycle to HCD for a 60-day review; and

WHEREAS, on February 16, 2021, HCD determined the draft RHNA methodology furthers the objectives set forth in state law, California Government Code Section 65584(d).

NOW, THEREFORE, BE IT RESOLVED that the SBCAG Board of Directors adopts the final RHNA Methodology for the Sixth Housing Element Cycle (2023-2031) attached hereto as "Attachment A" and incorporated herein by this reference.

PASSED AND ADOPTED this 18th day of March 2021 by the following vote:

AYES:

NOES:

ABSENT:

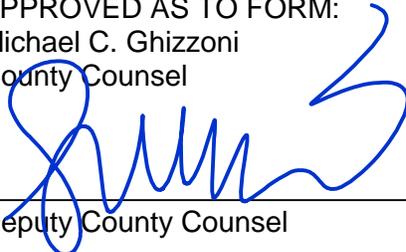
ABSTAIN:

ATTEST:

Marjie Kirn
Executive Director

Holly Sierra, Chair
Santa Barbara County
Association of Governments

APPROVED AS TO FORM:
Michael C. Ghizzoni
County Counsel



Deputy County Counsel

ATTACHMENT A – SBCAG RHNA METHODOLOGY

SBCAG RHNA Methodology

To satisfy the requirements of Government Code § 65584.04(a) SBCAG, in consultation with HCD staff, elected to pursue a two-step methodology.

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. 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.

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.

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.

Income Group Allocation Methodology

As a subsequent step, each jurisdiction's allocation is divided among four income groups, very-low, low, moderate, and above-moderate. Following is a description of the income group allocation methodology employed to satisfy the requirements of Government Code § 65584(d)(4).

- 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

The following table provides RHNA allocations based on the above-described methodology.

Draft-Final Allocations (#)

Jurisdiction	RHNA Allocation	Allocation by Income Level			
		Very Low	Low	Moderate	Above Moderate
Carpinteria	901	286	132	135	348
Santa Barbara	8,001	2,147	1,381	1,441	3,032
Goleta	1,837	682	324	370	461
Uninc. (South Coast)	4,142	809	957	1,051	1,325
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Santa Maria	5,418	1,032	536	731	3,119
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County Total	24,856	5,799	3,935	4,397	10,725
Total Unincorporated	5,664	1,373	1,200	1,280	1,811

ATTACHMENT B



■ 260 North San Antonio Road., Suite B ■ Santa Barbara, CA ■ 93110
■ Phone: 805/961-8900 ■ Fax: 805/961-8901 ■ www.sbcag.org

December 18, 2020

Megan Kirkeby
Deputy Director, Housing Policy and Development
Department of Housing and Community Development
<sent via email to megan.kirkeby@hcd.ca.gov>

RE: SBCAG RHNA ALLOCATION METHODOLOGY

Dear Ms. Kirkeby:

SBCAG is pleased to submit its draft RHNA allocation methodology to HCD for review in accordance with Government Code § 65584.04(i). SBCAG worked collaboratively with the region's nine jurisdictions and HCD staff in the development of this methodology with a focus on the five statutorily defined objectives (§ 65584(d)).

I would like to recognize the contributions of several of your staff members. Tom Brinkhuis has served SBCAG well in his role as our primary point of contact. Tom actively participated in numerous meetings, was quick to answer questions, and provided benefit to the consultation process. Tyrone Buckley, Tawny Macedo, and Paul McDougall also participated in the process and provided positive contributions.

SBCAG RHNA Webpage

SBCAG hosted a RHNA webpage to act as a depository for all documents prepared for the 6th cycle. It served as a resource for those involved with the process as well as interested members of the public. Here is the link to the website: <http://www.sbcag.org/rhna.html>

RHNA Supplemental Report

Prior to formally beginning the 6th cycle process, SBCAG included a project in its FY 2019-20 Overall Work Program which resulted in the RHNA Supplemental Report. The document was ultimately approved by the SBCAG Board during its June 2020 meeting. The RHNA Supplemental Report coalesces relevant RHNA related data and documents past SBCAG processes and the processes of other regions. Its purpose was to prepare the region's planners and elected officials for the 6th cycle. A link to the RHNA Supplemental Report is available on SBCAG's RHNA webpage.

RHNA Project Development Team

Prior to beginning the 6th cycle process SBCAG staff consulted with San Luis Obispo Council of Governments (SLOCOG) staff to discuss its best practices. The use of a Project Development Team (PDT) was a result of those discussion. SBCAG invited the region's community development directors and planning directors to serve on the RHNA PDT and to guide the RHNA process. The PDT met five times between February and September 2020. HCD staff participated in the February, July, and August meetings. As the RHNA

Member Agencies

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

allocation methodologies narrowed to a few alternatives SBCAG ended the role of the RHNA PDT and moved RHNA-related items to the Technical Planning Advisory Committee which is able to make formal recommendations to the SBCAG Board. All RHNA PDT meeting materials are available on SBCAG's RHNA webpage.

Technical Planning Advisory Committee

The Technical Planning Advisory Committee (TPAC) is a standing SBCAG advisory committee of the SBCAG Board. TPAC meets monthly, as needed, and is focused on land-use related issues in the Santa Barbara County Region. RHNA methodology was discussed by TPAC during its November 5 meeting, a Special TPAC meeting on November 12, and finally on December 3. TPAC agendas with RHNA-related items are available on SBCAG's RHNA webpage.

Survey Results

In accordance with Government Code § 65584.04(b)(1) SBCAG surveyed the region's nine local jurisdictions. Surveys were distributed on May 27, 2020 with a requested response deadline of July 2, 2020. Five of the region's nine local jurisdictions responded to the survey. Common themes among the responses include the following.

- Responding jurisdictions noted constraints related to the availability of land suitable for development.
- Several jurisdictions noted constraints related to agricultural use protection policies or local ordinances as well as constraints related to the California Coastal Act.

Note that the surveys highlighted other points, but those other points did not span multiple jurisdictions to be considered common themes. The survey responses are summarized on the SBCAG RHNA webpage.

Methodology

A following section highlights how the methodology satisfies the five objectives. This section describes the methodology.

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 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.

The RHNA PDT considered a variety of first-step alternatives and ultimately chose to support the selected methodology 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 subregional allocations to each of the respective local jurisdictions. The same second-step formula is applied to both subregions.

Considerable debate by both the RHNA PDT and TPAC members occurred when considering alternatives for a second step. Ultimately, the region chose to follow the intent of SB 828 (2018) for the second step. It includes equal weighting (50 percent) of both overcrowding and cost burden.

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. Overcrowding and cost burden were selected for the following reasons.

1. Approximately 55 percent of the region's 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.

Attachment A provides the results from the proposed methodology.

Income Group Allocation Methodology

To satisfy the requirements of Government Code § 65584(d)(4) SBCAG 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 and the SBCAG Board elected to move forward with 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

Attachment A provides the results from the proposed methodology.

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.

The methodology 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, each jurisdiction is allocated housing in all four income groups.

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 reasonable 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, the County 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.

SBCAG's 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 regions 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, TPAC members recommended, and the SBCAG Board of Directors chose the alternative that 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.

Attachment A illustrates the degree of variation in income group allocation resulting from the methodology.

5. Affirmatively furthering fair housing.

SBCAG 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 provided earlier in this memorandum, 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 it was selected. 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.

Public Process and Hearing

State law (Govt. Code § 65584.04(d)) requires SBCAG conduct at least one public hearing to receive oral and written comments on the proposed methodology. SBCAG noticed and conducted a public hearing during its Board of Directors meeting on December 17, 2020. Video documentation is available on SBCAG's website. In addition, numerous other opportunities for comment were provided to the public.

An informational item on RHNA was presented to the SBCAG Board of Directors during its July 2020 meeting. Additionally, a RHNA-related item was presented to both the North County and South Coast Subregional Planning Committees during their October 2020 meetings. The Subregional Planning Committees are comprised of SBCAG Board members representing the respective subregions. These meetings were all noticed and conducted in accordance with the Brown Act and the Governors' Executive Order N-29-20. Public comment was accepted in advance and during each meeting.

The RHNA methodology was the focus of discussion by TPAC, SBCAG's standing land-use advisory committee on November 5, 12, and December 3, 2020. TPAC meetings are noticed and conducted in accordance with the Brown Act and the Governors' Executive Order N-29-20. Public comment was accepted in advance and during each meeting.

On September 24, 2020, SBCAG conducted two virtual public workshops which were conducted for both the Regional Transportation Plan/Sustainable Communities Strategy and RHNA. A summary of the public input received is included in the October 19, 2020 PDT meeting memo. The memo is available on SBCAG's RHNA webpage. The public comment received aligns with the draft methodology.

Concluding Points

Local jurisdictions involved in the RHNA process have requested HCD provide a training seminar on suitable sites and related changes to State law. Should HCD staff be able to provide this training please coordinate with my staff to arrange the seminar.

Should questions arise during HCD's review, please do not hesitate to contact Michael Becker, Director of Planning, mbecker@sbcag.org or 831-915-9466.

Sincerely,



[Marjie Kirn \(Dec 18, 2020 09:56 PST\)](#)

Marjie Kirn
Executive Director

cc: Michael Becker, Director of Planning, SBCAG
Brian Bresolin, RHNA Project Manager, SBCAG
Lauren Bianchi-Klemann, Govt. Affairs and Public Information Manager, SBCAG
Tom Brinkhuis, HCD
Rachel van Mullem, Chief Assistant County Counsel, Santa Barbara County

Attachment A

Table: SBCAG RHNA Methodology Result

Jurisdiction	Percent of Regional Determination	Percent Allocation by Income Group 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%
Region Total	100.00%	24.60%	15.90%	17.20%	42.30%
Total Unincorporated	22.79%	27.62%	19.56%	20.38%	32.42%

**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.



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