

Appendix **U** Regional Housing Needs Assessment

REGIONAL TRANSPORTATION PLAN/SUSTAINABLE COMMUNITIES STRATEGY

Amended **STAFF REPORT**

SUBJECT: Regional Housing Needs Assessment
(RHNA) Allocation Methodology

RECOMMENDED ACTION: Motion for SJCOG Board to Approve Use of
Proposed RHNA Allocation Methodology

SUMMARY:

The draft Regional Housing Needs Assessment (RHNA) Allocation Methodology has been available for review and comment by member agencies, community stakeholders, and the public for over 60 days. On February 26, 2014, two public hearings were held to gain input on the proposed allocation methodology. No comments were received through the public hearing process. SJCOG was notified on March 24, 2014 by the California Rural Legal Assistance, Inc. that the preliminary allocations to the median family income limits found in Table VI in the draft allocation methodology do not correspond exactly to those targets prescribed by the State Department of Housing and Community Development (HCD). This comment is correct. In previous RHNA cycles, a reconciliation procedure has been employed in addition to the allocation methodology to reconcile any differences.

The purpose of this amended staff report is to include the reconciliation step as part of the proposed allocation methodology. The allocations to each jurisdiction remain constant. However, the distributions across the family income limits are adjusted to become consistent with the prescribed family income limits. Table VII in the draft RHNA Allocation Methodology provides the preliminary results of this reconciliation step.

During the month of February, SJCOG staff met individually with staff from each jurisdiction to review:

- The efforts employed by SJCOG to work with the State Department of Housing and Community Development (HCD) to arrive at a countywide RHNA target of 40,360;
- Data resources that were used to build into allocation methodology;
- Proposed methodology to meet statutory requirements to ensure consistency with the Sustainable Community Strategy, taking in account the relationship of jobs and housing, and distributions to specific household income limits; and,
- Preliminary allocation outcomes.

The RHNA Advisory Committee consisting of representatives from each jurisdiction convened on March 6, 2014 to review the status of the RHNA 5th Cycle allocation methodology. Based on

results of individual and committee meetings, full consensus was reached to forward the draft RHNA Allocation Methodology for review and consideration of approval by the SJCOG Board of Directors. The additional reconciliation step has been communicated to the RHNA Advisory Committee members. The draft RHNA Allocation Methodology is attached to this staff report.

RECOMMENDED ACTION:

Action in support of using the proposed draft RHNA Methodology for distribution of the county wide targets across jurisdictions.

FISCAL IMPACT:

None to SJCOG's OWP which already programs staff costs related to this effort.

BACKGROUND:

RHNA is a State-mandated planning requirement for accommodating the projected housing need through each jurisdiction's General Plan housing element. This 5th RHNA cycle represents a ten (10) year period from January 1, 2014 through December 31, 2023. As a Council of Governments, SJCOG is mandated by California government code section 65584 to establish the process to allocate the countywide RHNA between jurisdictions.

Pursuant to Government Code 65583, each jurisdiction is required to update their housing element to plan and accommodate its entire RHNA share by income category eighteen (18) months after the adoption of the RTP. For SJCOG's member agencies, the housing element update is due on December 26, 2015 based on the anticipated June 26, 2014 adoption date of the RTP.

As part of the housing element update, communities use the RHNA in land use planning, prioritizing local resource allocation, and in deciding how to address identified existing and future housing needs resulting from population, employment and household growth. The process is designed to account for housing across the median family income limits of extremely low, very low, low, moderate, and above moderate. The RHNA is not intended to encourage or promote growth, but rather allows communities to anticipate growth, so that collectively the region can grow in ways that enhance quality of life, improve access to jobs, promotes transportation mobility and social equity, and fair share housing needs.

COMMITTEE ACTIONS:

- **Management and Finance Committee** – the Management and Finance committee heard the item at its March 19, 2014 meeting. A motion recommending the SJCOG Board approve the use of the proposed RHNA allocation methodology was made and unanimously approved by the committee.
- **Executive Committee** – the item will be presented to the Executive Committee on March 21, 2014. A motion recommending the SJCOG Board approve the use of the proposed RHNA allocation methodology was made and approved on a 2/1 vote.

SCHEDULE

The statutory RHNA schedule is based on the anticipated RTP adoption date of June 26, 2014.

Date	Milestone/Deliverable
March 27, 2014	SJCOG Board Considers Approval of Draft RHNA Allocation Methodology
April 27, 2014	SJCOG Issues Draft RHNA Allocation to be included with draft Regional Transportation Plan and SCS
July 30, 2014	Due date for Jurisdictions to Request Revision of Draft RHNA Allocation
August 28, 2014	SJCOG Board Considers Adoption Draft RHNA Plan (based on no revision requests)

ATTACHMENTS

1. Draft RHNA Allocation Methodology

Prepared by: Michael A. Swearingen, Senior Regional Planner

***San Joaquin
County***

SJCOG Board Approval

March 27, 2014

**RHNA Period of 2014 ~
2023**

**REGIONAL HOUSING NEEDS ASSESSMENT
Allocation Methodology**



SAN JOAQUIN

COUNCIL OF GOVERNMENTS



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Draft Regional Housing Needs Assessment Allocation Methodology San Joaquin Council of Governments

(March 2014)

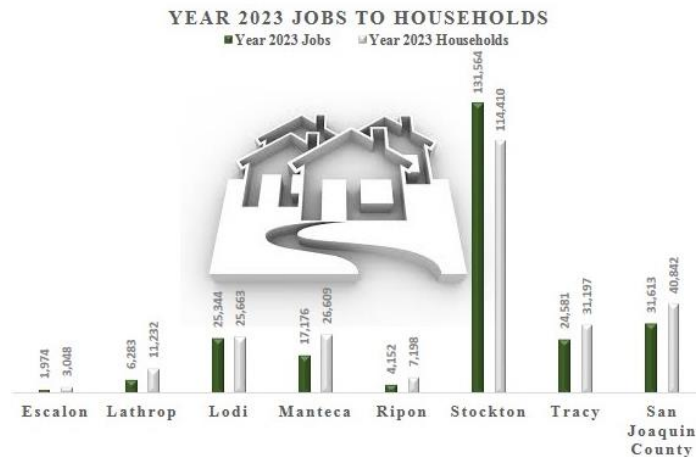
The goal of the RHNA methodology is to equitably assign to each jurisdiction a portion of the 40,360 countywide RHNA target. The proposed RHNA methodology takes into consideration the following objectives:

- 1) Relationship between jobs and housing.
- 2) Identify any existing local, regional, or state incentives available to local governments that are willing to accept a higher RHNA share than proposed in the draft allocation.
- 3) Ensure that the total regional housing need, by income category is maintained, and that each jurisdiction in the region receives an allocation of units for low- and very low income households.
- 4) Consistency with the SCS's development pattern.

PROPOSED RHNA ALLOCATION METHODOLOGY FACTORS

FACTOR 1: Jobs & Household Relationship

Objective: The objective is to establish an individualized job and household relationship factor for each jurisdiction. These factors allow the methodology to be more sensitive to the jobs and household characteristics of the region to the individual jurisdictions in order to promote a more balanced allocation of the countywide RHNA target.



The data needed to arrive at the Job Household Relationship Factors includes:



The methodology to arrive at the individualized jobs to household relationship factors is as follows:

Jobs Relationship Factor	=	Year 2013 Job Growth	÷	Working Adults per Household
Household Relationship Factor	=	Year 2023 Household Growth	÷	Working Adults per Household

The following Table I provides the draft calculation to arrive at the individualized jobs and households relationship factors:

Table I: Jobs & Housing Relationship

AGENCY	Year 2023 Jobs	Year 2023 Households	Workers per Household	Working Adults (Ages 19-64)	Jobs Relations Factor (JRF)	Households Relations Factor (HRF)
Escalon	1,974	3,048	1.92	5,850	33.7%	52%
Lathrop	6,283	11,232	2.05	23,020	27.3%	49%
Lodi	25,344	25,663	1.86	47,620	53.2%	54%
Manteca	17,176	26,609	2.07	55,000	31.2%	48%
Ripon	4,152	7,198	2.01	14,470	28.7%	50%
Stockton	131,564	114,410	1.97	225,790	58.3%	51%
Tracy	24,581	31,197	2.08	64,820	37.9%	48%
San Joaquin County	31,613	40,842	1.93	79,020	40.0%	52%
Total	242,687	260,199		515,590	38.80%	50.24%

Data sources: Employment (Business Forecasting Center, Eberhardt School of Business), Population & Household (Planning Center), Working Adults per Household (Year 2010 United States Census Bureau)

FACTOR 2: Sustainable Housing

Objective: The objective of this factor is to meet the intent of SB 375 by accounting for each jurisdiction’s portion of the countywide RHNA subject to the projected year 2035 SCS. The following initial step would be applied to convert SCS related households to housing units:

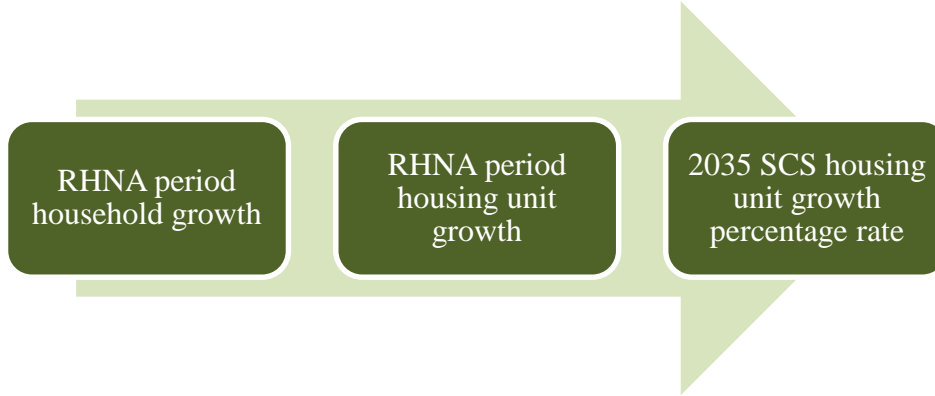
RHNA & SCS housing units	=	RHNA/SCS period households	×	Healthy vacancy rate
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The use of year 2000 United States Census Bureau vacancy rates for each jurisdiction are proposed to be used because they best correspond to what is considered a “healthy” vacancy rate by industry standards. The following Table II documents and compares the year 2000 and year 2010 vacancy rates:

Table II: Housing Vacancy Rates

AGENCY	Escalon	Lathrop	Lodi	Manteca	Ripon	Stockton	Tracy	SJ County	Average
Year 2000 Vancancy Rate	3.56%	2.77%	3.21%	3.36%	2.26%	4.25%	2.58%	4.95%	3.37%
Year 2010 Vancancy Rate	5.13%	9.10%	7.12%	6.55%	5.34%	9.06%	6.29%	8.27%	7.11%
Difference	1.57%	6.33%	3.91%	3.19%	3.08%	4.81%	3.71%	3.32%	

The data needed to arrive at the Sustainable Housing Factors includes:



Applying the SCS period average growth rate to the RHNA period total provides an average RHNA to SCS housing unit outcome based on each jurisdiction’s SCS development pattern to the region. The methodology to arrive at a sustainable housing factor for each jurisdiction is as follows:

Sustainable Housing Factor	=	RHNA period housing	×	2035 SCS percentage growth rate	+	RHNA period housing based on SCS unit rate	÷	2
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The following Table III provides the preliminary sustainable housing factor results:

Table III: Sustainable Housing Factor

AGENCY	Healthy Vacancy Rate	Year 2014 Households	Year 2014 Housing Units	Year 2023 Households	Year 2023 Housing Units	RHNA Period Housing Units	2035 SCS Housing Unit Rate	SCS Period Housing Units	Average RHNA to SCS
Escalon	3.56%	2,658	2,753	3,048	3,157	404	1.00%	340	372
Lathrop	2.77%	6,812	7,001	11,232	11,543	4,542	14.18%	4,820	4,681
Lodi	3.21%	24,219	24,996	25,663	26,487	1,490	4.24%	1,440	1,465
Manteca	3.36%	23,444	24,232	26,609	27,503	3,271	13.77%	4,681	3,976
Ripon	2.26%	5,835	5,967	7,198	7,361	1,394	3.67%	1,246	1,320
Stockton	4.25%	107,629	112,203	114,410	119,272	7,069	34.11%	11,591	9,330
Tracy	2.58%	27,056	27,754	31,197	32,002	4,248	13.08%	4,446	4,347
SJ County	4.95%	29,822	31,298	40,842	42,864	11,565	15.95%	5,420	8,492
Total		227,475	236,204	260,199	270,188	33,984	100.00%	33,984	33,984

Data sources: Vacancy Rates (United States Federal Census Bureau), Households (Planning Center)

FACTOR 3: Family Income Characteristics

Objective: The objective of this factor is to ensure that an equitable share of each jurisdiction’s RHNA target is responsive to family income limits characteristics of the jurisdiction.

The family income characteristic factor recognizes the difference between the total households regionally in each income category to the jurisdiction’s proportion for that same income category. The following Table IV outlines the households to family income ranges from the United States Census Bureau:

Table IV: Family Income Limits by Jurisdiction

Agency		City of Escalon	City of Lathrop	City of Lodi	City of Manteca	City of Ripon	City of Stockton	City of Tracy	SJ County (Unincorporated Area)	San Joaquin County Region
Family Income Limits		Households to Medium Family Income of \$53,764								
\$0	\$10,000	118	200	966	650	102	5,993	864	2,080	10,973
\$10,000	\$14,999	252	112	1,376	860	199	6,203	749	2,441	12,192
\$15,000	\$24,999	178	293	2,903	1,789	348	10,861	1,468	4,863	22,703
\$25,000	\$34,999	259	370	2,506	1,818	406	9,681	1,450	5,290	21,780
\$35,000	\$49,999	314	562	3,395	3,234	424	14,145	2,966	6,161	31,201
\$50,000	\$74,999	334	1,146	3,763	4,890	725	16,717	4,073	7,569	39,217
\$75,000	\$99,999	523	839	2,302	3,614	575	10,373	3,292	5,387	26,905
\$100,000	\$149,999	480	817	2,932	3,182	772	10,199	5,487	5,746	29,615
\$150,000	\$199,999	150	273	1,039	1,199	470	3,431	2,079	2,261	10,902
\$200,000	or more	28	90	851	382	446	2,213	1,185	2,219	7,414
Total households		2,636	4,702	22,033	21,618	4,467	89,816	23,613	44,017	212,902

Data Source: United States Census Bureau, American Fact Finder (2011 American Community Survey)

Based on a countywide medium household income of \$53,764, the RHNA medium family income limits include:

Extremely Low (30% median)	\$0~\$16,129	Very Low (50% median)	\$16,130~\$26,882
Low (80% median)	\$26,883 ~\$43,011	Moderate (120% median)	\$43,012 to \$64,517
Above moderate (all else)	\$64,518 and Above		

Using the United States Census Bureau to realign the RHNA income limits ensures that jurisdictions are not disproportionately allocated RHNA targets in any particular income category. The following Table V provides the results of the alignment of the family income characteristics by jurisdiction:

Table V: RHNA Family Income Characteristics by Jurisdiction

Agency	Extremely Low (\$16,129 & Below)	Very Low (\$16,130 to \$26,882)	Low (\$26,883 to \$43,011)	Moderate (\$43,012 to \$64,517)	Above Moderate (\$64,518 & Above)	Total Households
Escalon	391	208	378	340	1,321	2,637
	14.8%	7.9%	14.3%	12.9%	50.1%	100.0%
Lathrop	346	331	601	927	2,498	4,703
	7.4%	7.0%	12.8%	19.7%	53.1%	100.0%
Lodi	2,675	3,053	3,848	3,766	8,693	22,034
	12.1%	13.9%	17.5%	17.1%	39.5%	100.0%
Manteca	1,715	1,935	3,204	4,345	10,419	21,618
	7.9%	9.0%	14.8%	20.1%	48.2%	100.0%
Ripon	341	386	556	618	2,567	4,468
	7.6%	8.6%	12.4%	13.8%	57.4%	100.0%
Stockton	13,450	11,477	15,417	16,292	33,180	89,816
	15.0%	12.8%	17.2%	18.1%	36.9%	100.0%
Tracy	1,786	1,582	2,762	3,746	13,740	23,615
	7.6%	6.7%	11.7%	15.9%	58.2%	100.0%
SJ County	5,078	5,321	7,587	7,267	18,757	44,009
	11.5%	12.1%	17.2%	16.5%	42.6%	100.0%
Total	25,782	24,292	34,353	37,298	91,176	212,902
Regional %	12.1%	11.4%	16.1%	17.5%	42.8%	100.0%

Data sources: Median Family Income (2010 United States Census Bureau) Median Family Income Limits (2010 United States Census Bureau)

The methodology to distribute the individualized RHNA target by the family income limit is as follows:

RHNA by Family Income Limits	=	Net RHNA	×	Income percentage limits by jurisdiction
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PROPOSED RHNA ALLOCATION METHODOLOGY

The countywide and individualized data for each jurisdiction is applied to the proposed RHNA Allocation Methodology. The following Sample RHNA Allocation Methodology, uses the outcomes of the three factors of: 1) Jobs to Housing Relationship; 2) Sustainable Housing; and, 3) Family Income Characteristics to arrive at the RHNA share per jurisdiction.

SAMPLE RHNA ALLOCATION METHODOLOGY										
	A		B		C		D		E	F
1 -	Households 2023		Households 2014	=	Household Growth		Regional Household Growth		Share of Household Growth	
	# Households	-	# Households	=	Difference 1B-1A		Yr. 2014-2023		1C/1D	
2 -	Jobs 2023		Jobs 2014	=	Job Growth		Regional Job Growth		Share of Job Growth	
	# Jobs	-	# Jobs	=	Difference 2B-2A		Yr. 2014-2023		2C/2D	
3 -	Share of Job Growth		Jobs Relationship Factor (JRF)	+	Share of Household Growth		Household Relationship Factor (HRF)		Remaining RHNA SHF of 16%	Total Projected Housing Target
	Value of 2E	x	3A x JRF	+	Value of 1E	x	3C x HRF	x	Net RHNA Value	=
4 -										Portion of RHNA
5 -										SCS Housing Units
										Share of RHNA
Household Income Distribution										
6 -	Income Category		Household Income Percentage by Jurisdiction		Household Income Percentage for Region		Average of Agency & Regional Income		Reconciliation of Income Limit Differentials	Housing Unit Allocation by Income Category
	*Very Low		0.00%		0.00%		0.00%		Plus & or Minus	RHNA to Income
	Low		0.00%		0.00%		0.00%		Plus & or Minus	RHNA to Income
	Moderate		0.00%		0.00%		0.00%		Plus & or Minus	RHNA to Income
	Above Moderate		0.00%		0.00%		0.00%		Plus & or Minus	RHNA to Income
	TOTAL		0%		0%		0%			Total RHNA

* Includes Extremely Low

The description of the values found in the Sample RHNA Allocation Methodology are as follows:

- 1) Section 1C is the difference of year 2023 (1A) and year 2014 (1B) household growth.
- 2) Section 1D is the year 2023 countywide household growth.
- 3) Section 1E is the percentage share of housing growth (1C/1D).
- 4) Section 2C is the difference of the year 2023 (2A) and year 2014 (2B) jobs growth.
- 5) Section 2D is the year 2023 countywide jobs growth.
- 6) Section 2E is the percentage share of job growth (2C/2D).
- 7) The sub total of RHNA in Section 3F is derived by multiplying the share of job growth (3A) by the individualized jobs relationship factor (3B) and the share of household growth (3C) by the individualized household relationship factor (3D). The amount in (3E), represents the remaining 15.8% of the countywide RHNA after the SHF is applied. The amount in (3E) is slightly higher (6,434) than the difference between the total SHF and the countywide RHNA (6,376) to adjust for

an under allocation of 58 units. The jobs and housing factors are unique to each jurisdiction because they are based on working adults per household. Therefore, the jobs and housing factors for each jurisdiction never equal exactly 100%. Increasing the difference from the SHF and the countywide RHNA offsets the under allocation and ensures that these units are allocated based on the same individualized jobs/housing factor formula.

- 8) Section 3F is the countywide net RHNA determination to the individual jurisdiction.
- 9) Section 4F is the proportional Sustainable Housing factor supported by the SCS.
- 10) Section 5E is the sum of the portion of net RHNA (3E) and the Sustainable Housing Factor (4E).
- 11) Section 6E includes the results of any reconciliation needs across the family income limits based on the results of Table VII below.
- 12) Section 6F includes the sub total allocations by mandated family income limit categories.

Based on the draft methodology, the following Table VI provides a preliminary RHNA allocation summary for each jurisdiction by family income limits:

**Table VI: Preliminary RHNA Allocation by Jurisdiction
(Prior to Reconciliation Step in Section 6E)**

Agency	Extremely Low (\$16,129 & Below)	Very Low (\$16,130 to \$26,882)	Low (\$26,883 to \$43,011)	Moderate (\$43,012 to \$64,517)	Above Moderate (\$64,518 & Above)	Total RHNA
Escalon	57	41	65	65	197	425
Lathrop	503	475	745	960	2,473	5,156
Lodi	233	244	325	334	795	1,931
Manteca	439	449	681	828	2,005	4,402
Ripon	147	148	211	232	742	1,480
Stockton	1,600	1,428	1,968	2,109	4,718	11,824
Tracy	490	450	692	831	2,513	4,976
SJ County	1,201	1,193	1,696	1,730	4,346	10,166
Total	4,670	4,428	6,383	7,089	17,789	40,360

The prescribed family income limit targets compared to the preliminary outcomes of the allocation methodology in Table VI are as follows:

Family Income Categories	Extremely low	Very low	Low	Moderate	Above moderate
State Mandated Outcomes	4,888	4,596	6,500	7,065	17,310
Allocation Outcomes	4,670	4,428	6,383	7,089	17,789
Differential	218 (Under)	169 (Under)	117 (Under)	25 (Over)	479 (Over)

To maintain consistency, the percentages representing each jurisdiction from the allocation formula are applied to the over and under amounts to balance the distribution across the family income limit controls totals prescribed by the state. The results of the reconciliation step is on the following Table VII:

**Table VII: Preliminary RHNA Allocation Summary by Jurisdiction
(After Reconciliation)**

Agency	Extremely Low (\$16,129 & Below)	Very Low (\$16,130 to \$26,882)	Low (\$26,883 to \$43,011)	Moderate (\$43,012 to \$64,517)	Above Moderate (\$64,518 & Above)	Total RHNA
Escalon	60	42	66	65	192	425
Lathrop	526	493	759	957	2,421	5,156
Lodi	244	253	331	333	770	1,931
Manteca	459	466	693	825	1,958	4,401
Ripon	154	154	215	231	726	1,480
Stockton	1,675	1,482	2,004	2,103	4,560	11,824
Tracy	513	467	705	828	2,463	4,976
SJ County	1,257	1,239	1,727	1,724	4,220	10,167
Total	4,888	4,596	6,500	7,066	17,310	40,360
	12.11%	11.39%	16.11%	17.51%	42.89%	100.00%

