

**Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee**

April 12, 2024

Agenda Item 3a

Assembly Bill 2485 (Carrillo): Regional Housing Needs Determination

Subject:

Increase transparency and use of outside experts in the state Department of Housing and Community Development's process for determining regional housing needs.

Background and Bill Provisions:

Assembly Bill (AB) 2485 would require the Department of Housing and Community Development (HCD) to publish the data sources, analyses, and methodology it uses to calculate each region's housing need for the purpose of developing the Regional Housing Needs Determination (RHND). Additionally, the bill would require HCD to convene an advisory panel comprised of a "U.S. Census Bureau-affiliated practitioner," a data expert, and a representative of the council of governments each time it calculates a region's housing need. The bill is authored by Assembly Local Government Committee Chair Juan Carrillo (District 39) and sponsored by the Southern California Association of Governments (SCAG).

State law charges HCD with calculating each region's existing and future housing needs every eight years, in consultation with the relevant council of governments. This RHND underpins the Regional Housing Need Allocation (RHNA) developed by the Association of Bay Area Governments (ABAG). The RHNA assigns unit counts by affordability levels to each jurisdiction, informing the housing elements of local General Plans. Those housing elements are required to identify sites to fully accommodate the local share of the RHND.

HCD determines a region's *existing* housing need through a combination of vacancy rates, overcrowding, homes lost in a natural disaster, and the extent to which households are housing cost-burdened. Determining *future* housing need starts with population growth projections from either the state Department of Finance (DOF) or regional transportation plans. The projected growth is divided into age cohorts; the rate at which each cohort forms new households determines how many new homes the region will need to fully house its future population. The final RHND combines the existing need and projected future need.

Recommendation:

Support / ABAG Executive Board Approval

Support / MTC Commission Approval

Discussion:

A March 2022 state audit examined the RHND process and found several errors that resulted in lower numbers for the Sacramento and Santa Barbara areas, which the auditor noted poses a risk to public confidence in HCD's calculations. Among other items, the audit urged the DOF to conduct and document a comprehensive review of its assumptions on household formation rates. According to the state auditor, HCD and DOF have fully implemented five out of six recommendations. While this progress is encouraging, AB 2485's transparency provisions will aid councils of governments and other interested parties in monitoring the state's RHND process for accuracy. For this reason and consistent with Item 4B in our 2024 Advocacy Program, staff recommends MTC and ABAG adopt a "support" position on AB 2485.

Known Positions:

Support

Southern California Association of Governments (sponsor)

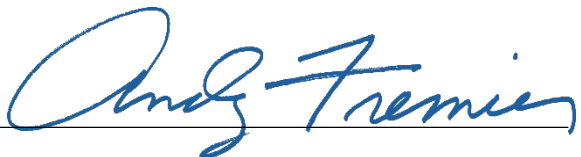
California Association of Councils of Government (CalCOG)

Oppose

None known

Attachments:

None



Andrew B. Fremier