Attachment B: 2007 Integrated Growth Forecast Process and Final Allocation Methodology for Regional Housing Needs Allocation (RHNA)

The foundation of SCAG's proposed RHNA Allocation Methodology is the "Integrated Growth Forecast", which represents the most desired growth scenario for the Southern California region in the future because it ties housing to transportation planning. The growth scenario includes the size and distribution of growth in the SCAG region. It is based on a combination of recent and past trends, reasonable key technical assumptions, and existing and new local or regional policy options. The Integrated Growth Forecast at the regional and small area level are the basis for developing the Regional Transportation Plan (RTP), Environmental Impact Report (EIR), Compass Blueprint Plan, and the Regional Housing Needs Assessment (RHNA). The development of the Integrated Growth Forecast is driven by a principle of collaboration between the regional and local jurisdictions who are major contributors in the process. Integration of the output from the regional and local forecasts is achieved through joint efforts and collaboration among the various contributors.

In February 2005, SCAG's Community, Economic and Human Development Committee (CEHD) approved and directed staff to proceed with the 2007 RTP Growth Forecast Update Process, currently known as the 2007 Integrated Growth Forecasting process for the 2007 RTP/EIR/RHNA and Compass Blueprint. SCAG's Plans & Programs Technical Task Force (P&P TAC) also assisted in the process by providing technical and policy input. Policy Committees of the Regional Council were periodically informed of progress and provided direction to the process.

Development of the Integrated Growth Forecast

Development of the Integrated Growth Forecast involves several steps. This first step entailed an analysis of recent regional growth trends and the collection of significant local plan updates. A variety of large area estimates and projections are collected from federal and state governments. The major government sources included information from the following agencies:

- U.S. Department of Commerce, Census Bureau and Bureau of Economic Analysis,
- U.S. Department of Labor, Bureau of Labor Statistics,
- Internal Revenue Service (IRS),
- U.S. Citizenship and Immigration Services,
- Department of Health and Human Services,
- California Department of Finance (DOF),
- California Employment Development Department, and
- Information received through the Intergovernmental Review process.
- Small area estimates and projections were also available from aerial land use data, data from ES202, CTPP, general plan, parcel level data from tax assessor's office, building permits from Construction Industry Research Board and demolition data from the DOF.

The next steps involved the review and update of the 2004 regional growth forecast methodology used as part of SCAG's 2004 Regional Transportation Plan and key assumptions. The widely used methodology included the cohort-component method and the shift-share method. The key technical assumptions included updates regarding the fertility rate, mortality rate, net immigration, domestic in-migration, domestic out-migration, labor force participation rates, double jobbing rates, unemployment rates, and headship rates.

Thereafter, a review and update of existing regional growth policies and strategies, including Compass Blueprint strategies, economic growth initiatives, Goods Movement strategies, etc. were assessed. Relevant analysis also included general plan capacity analysis, demonstration projects, regional growth principles, polling and focus groups, and public workshops.

The next step is to develop and evaluate the draft regional Integrated Growth Forecast scenarios with small area distributions. Regional growth forecast scenarios are developed and allocated into the smaller geographic levels using public workshops. The small area distributions of the regional growth are evaluated using transportation and emission modeling results and environmental impact review.

The last step is to select and adopt a preferred regional growth forecast. A regional growth scenario with selected small area distributions is developed using transportation and environmental performance measures. The Regional Council adopts a regional growth forecast.

An organized forecasting decision making process is required to develop a consensus regional growth forecast in an efficient, open, and fair way. A variety of groups or input involved in the forecasting process include panel of experts, subregional/local review, stakeholders/data users, public outreach, technical committee, policy committee, and the Regional Council.

Consistent with the timelines and tasks specified in the forecasting process flow chart, Community Development/ Forecasting staff, with helps from subregions, cities, and subregional coordinators, completed the following tasks during 2005.

1. Conduct survey of local jurisdictions regarding recent changes in general plan and developments that could affect the long term growth patters envisioned in the 2004 RTP/Growth Vision policy forecast.
2. Provided Transportation Modeling Division the extended Year 2000 socio-economic data set for new model development and calibration.
3. Collaborating with subregions/local jurisdictions, reviewed and revised the 2003 base year small area distribution of employment, population, and household, and completed/delivered the 2003 extended socio-economic data set to Modeling Division.
4. Requested and received inputs from subregions regarding their perspectives of future growth in population, employment and household.
5. Reviewed and presented recent trends in population, employment and household growth and completed preliminary 2007/08 RTP no-project growth forecasts at regional/county/subregion level.

During 2006, with additional assistance from the 2007 integrated growth forecasting consultant teams, the following major milestones were accomplished for the integrated 2007 RTP/EIR/RHNA growth forecasting process:

- January 2006: Working with consultant, convening the Panel of Experts to review and comment on 2007 RTP/EIR/RHNA growth forecast at regional/county/subregion level.
- February 2006: Counties/subregions and local jurisdictions are invited to present their perspectives on growth and any pertinent growth issues to SCAG staff and the Panel of Experts.
- March – August 2006: Presented the updated 2007 RTP/EIR/RHNA growth forecasts at region and county levels to the Plans & Programs Technical Advisory Committees and Panel of Experts (the process in developing the methodology is attached).
- September 7, 2006: Discussed the 2007 integrated growth forecasts at region/county level as well as forecasting and RHNA Pilot issues/questions with the Plans and Programs Technical Advisory Committee in their special meeting.
- September 14, 2006: The CEHD approved and directed staff to proceed with the disaggregation of the *draft* 2007 integrated regional/county forecasts into smaller geographic levels and scheduling of subregion/local jurisdiction workshops and inputs process.
- September 28, 2006: Held the first RHNA public hearing.
- September – October 2006: RHNA Subcommittee formed & completed policy recommendations for forecast/ RHNA. CEHD approved all policy recommendations.
  - Consideration of AB 2158 factors in housing need
  - Provided Fair Share Policy recommendation to CEHD to avoid over concentration of household by income group
- October – January 2007: Completed 15 subregional workshops, including interactive exercise of 2035 senarios, and RHNA exercise 2005-2014.
  - 2158 factors form filled out.
  - Formal and informal comments received
  - Follow-up meetings with local subregions/jurisdictions.

- December 2006: State HCD issued the range of housing construction need for the SCAG region—between 687,000 units and 730,000 units—for an eight and a half year planning period (from January 2006 to July 2014), which are consistent with the SCAG's Integrated Growth Forecast and RHNA policies adopted by the CEHD.
- January 11, 2007: Held second RHNA public hearing to receive comments regarding proposed allocation methodology.

For detailed procedures of developing baseline growth forecasts, please see:
http://scag.ca.gov/rtptac/pdf/2006/tac041806_SCAGBaselineForecast_Draft_r4.pdf

Integrated Growth Forecast Methodology at the Region/County Level:

The regional policies in terms of long term transportation projects funded by private sector investment and Compass 2% land use policies are *not* projected to affect regional, county, subregion, and city level growth of population, household, employment, and housing units before 2015. Compass 2% land use strategies are voluntary they only direct growth redistributions within city boundaries before 2015.

A. Population forecasts

Two factors account for population growth: natural increase (which is the balance between births and deaths) and net migration (which is the balance between the number of people coming and leaving the region).

Net migration is differentiated between domestic migrants (people moving in and out of the region to other parts of the nation, immigrants (legal and undocumented) moving to the region from other countries.

2030 POPULATION = 2000 POPULATION + NATURAL INCREASE + NET MIGRATION

SCAG projects regional population using the cohort-component model. The model computes the population at a future point in time by adding to the existing population the number of group quartered population, births and persons moving into the region during a projection period, and by subtracting the number of deaths and the number of persons moving out of the area. This process is formalized in the demographic balancing equation.

The fertility, mortality and migration rates are projected in five year intervals for eighteen age groups, for four mutually exclusive ethnic groups: Non-Hispanic White, Non-Hispanic Black, Non-Hispanic Asian and Hispanic. The birth rates are also projected by population classes: residents (and domestic migrants) and international migrants.

SCAG links population dynamics to economic trends, and is based on the assumption that patterns of migration into and out of the region are influenced by the availability of jobs. The future labor force supply is computed from the population projection model by multiplying civilian resident population by projected labor force participation rates. This labor force supply is compared to the labor force demand based on the number of jobs projected by the shift/share economic model.

The labor force demand is derived using two step processes. The first step is to convert jobs into workers using the double job rate. The double job rate is measured by the proportion of workers holding two jobs or more to total workers. The second step is to convert workers into labor force demand using the ideal unemployment rate. If any imbalance occurs between labor force demand and labor force supply, it is corrected by adjusting the migration assumptions of the demographic projection model. Adjustment of migration assumptions is followed by total population changes.

The county forecasts are developed by analyzing the difference between the sum of initial county forecasts and the regional independent projections. If results are significantly divergent, input data at the county level is adjusted to bring the sum of counties projection and the regional independent projections more closely in line. Complete agreement between two projections is not mandatory. After analysis, the sum of counties constitutes the regional forecasts.

B. Employment forecasts

Employment forecasts utilize a top down procedure starting with a U.S. forecast, followed by California, and finally the SCAG region and counties. The regional employment forecasts will interact with the regional population forecasts.

The first step is to project the U.S. labor force based on projections of total population and labor force participation rates. Total jobs are projected from total labor force, unemployment rate, and the ratio of total jobs to employed residents. Total jobs are then projected to a one-digit industry code based on historical trends of the one-digit shares of U.S. total jobs.

The second step is to forecast California total jobs for each forecast year based on U.S. total jobs and the job share of California to U.S. for each forecast year. California total jobs are then projected to the one-digit industry code based on historical trends in the one-digit shares of California total jobs.

The third step is, to forecast regional total jobs for each forecast year based on California total jobs and the job share of the SCAG region to California for each forecast year. Total jobs are then projected to a one-digit industry code based on historical trends in the one-digit share of SCAG regional total jobs.

The fourth step is to forecast county total jobs for each forecast year based on regional total jobs and the job share of each county to the SCAG region for each forecast year. Total jobs are then projected to a one-digit industry code based on historical trends in the one-digit share of county total jobs. The preliminary are adjusted by future aging patterns and related labor force patterns of each county.

C. Household Forecasts

A household includes all the persons who occupy a housing unit as their usual place of residence. By definition, the count of households or householders is the same as the count of occupied housing units for 100-percent tabulations.

SCAG projects regional households by using headship rate method. The projected households at a future point in time are computed by multiplying the projected resident population by projected headship rates. The headship rates are projected by age, sex, and race/ethnicity.

Headship rate is the proportion of a population cohort that forms the household. It is specified by age and ethnicity. Headship rate is projected in five year intervals for seven age groups (for instance, 15-24, 25-34, 35-44, 45-54, 55-64, 65-74, 75+), for four mutually exclusive ethnic groups.

Housing Unit Forecasts

A housing unit is a house, an apartment, a mobile home or trailer, a group of rooms or a single room occupied as separate living quarters or, if vacant, intended for occupancy as separate living quarters. Separate living quarters are those in which the occupants live and eat separately from any other persons in the building and which have direct access from outside the building or through a common hall. Both occupied and vacant housing units are included in the housing unit inventory.

A housing unit is vacant if no one is living in it at the time of enumeration, unless its occupants are only temporarily absent. Units temporarily occupied at the time of enumeration entirely by persons who have a usual residence elsewhere are also classified as vacant. Vacant units include vacant units for: sale only; rent only; seasonal, recreational, or occasional use; migrant workers; rented or sold, not occupied; other.

SCAG projects regional housing units by using "total vacancy rate method." The projected housing units at a future point in time are computed by dividing the projected households by occupancy rates (e.g.,1- total vacancy rates). Total vacancy rate is calculated by dividing the number of total vacant units by the number of total housing units.

For detailed methodology and assumptions of the Integrated Growth Forecasts at regional level, please see:
http://scag.ca.gov/rtptac/pdf/2006/tac031606_SCAGBaselineForecastREV0404.pdf
and at county level, please see:
http://scag.ca.gov/rtptac/pdf/2006/tac041806_SCAGBaselineForecast_Draft_r4.pdf

D. Considering Policy Impacts

It should also be noted that the regional policies in terms of long term transportation projects funded by private sector investment and Compass 2% land use policies are *not* projected to affect regional, county, subregion, and city level growth of population, household, employment, and housing units before 2015. Compass 2% land use strategies are voluntary they only direct growth redistributions within city boundaries before 2015.

Preliminary 2004 RTP growth forecasts update is completed by incorporating two regional policies into the baseline growth forecasts. There are two regional policies that will affect future size and distribution of baseline forecasts of employment, population, households, and housing units: one is Compass/Blueprint; the other one is private sector investment.

Given the fact Compass/Blueprint does not affect the growth and distribution at the county level, the private sector investment only will be considered to influence the future growth and distribution at the county level.

First, the regional job impacts of private investment are calculated for 20 NAICS sectors (by 2-digit) based on input-output analysis. These job impacts are distributed to counties based on growth share methodology for each sector.

Second, further adjustment was made based on 2004 RTP job distribution. Third, the regional job impacts are translated into the regional population adjustment using the economic-demographic model. Additional population is distributed to counties following the additional household adjustment.

Fourth, population adjustment is translated into households by using the household projection model. The regional household adjustment is distributed to counties following the county distribution of additional jobs.

Fifth and last, additional household adjustment is translated into housing units by using the total vacancy rate. The regional housing unit adjustment is distributed following the county distribution of additional households.

Please see http://scag.ca.gov/rtptac/pdf/2006/tac081706_Forecast.pdf for assessing regional policy impacts and allocating county distribution.

Integrated Growth Forecast Methodology at City Level:

The overall framework for the city level demographic forecasts is provided by the household (occupied housing units) method. This approach is widely accepted and applied in forecasting socioeconomic growth for smaller geographic areas. The household method consists of the following three major projection components: housing units, households (occupied housing units) and population.

A. Population Forecasts

City population is projected as the group quarters population plus the product of households and average persons per household (PPH). The average number of persons per household is projected using the historical trend and the updated county PPH. Group quarters population is projected using its ratio to total population from the 2000 Census, which is assumed to remain constant during the projection horizon.

B. Employment Forecasts

The distribution of county jobs to city applies a "constant-share" approach to calculate city employment. Based on constant-share approach, city job growth is a function of city share to county jobs for each sector and future county job growth. If a city in Los Angeles county is specialized in a specific industry (e.g., manufacturing), its future job growth will be affected by future reduction of manufacturing jobs of Los Angeles county. The constant-share approach provides a reasonable job estimates for the future, which form a reasonable basis for future subregional input process.

C. Household Forecasts

The draft city household forecasts reflect long term growth patterns incorporated in the 2004 RTP forecasts, recent trends, and updated county household forecasts.

- Each local jurisdiction's household growth was first projected by using the "Constrained Exponential Growth Equations" with their respective long term historical trend data between 1980 and 2000.
- "Constrained" in the above methodology is to ensure that all local jurisdictions add up to county total.
- Provide the projected household growth to all local jurisdictions for comments and inputs and make adjustments accordingly.
- Adjust forecasting errors—actual 2005 vs. forecasted 2005—and apply to 2035.
- Control to revised county forecasts from the 2007 Integrated Growth Forecasts.

The household forecast for all local jurisdictions and unincorporated areas are attached for subregion/local jurisdiction workshops. The household growth between 2005 and 2014 forecasted for each local jurisdiction, plus replacement and vacancy adjustment is the starting allocation for the RHNA construction need.

D. Housing unit Forecasts

The projected housing units are computed by using the projected households and *total vacancy rate*. The city level total vacancy rate is based on the 2000 Census, and it is assumed to remain constant during the projection horizon.

Development of RHNA Allocation Methodology

Shift of Planning Period

The state HCD requires the shift of the current RHNA nine-year planning period (July 2005—July 2014) to January 2006—July 2014 (8 ½ years). In the Draft RHNA Allocation Plan, each local jurisdiction's household growth (from DOF) and associated changes in vacancy needs and replacement needs for the six-month period (6-month adjustment = 9-year Replacement / 9 / 2)—from July 2005 to January 2006 will be subtracted from the nine-year construction needs, such that local jurisdiction could get appropriate adjustment consistent with the shorter planning period requirement and understand how their final RHNA construction needs for the 8½ year planning was derived.

Linkage between Integrated Growth Forecast and RHNA

For purposes of undertaking RHNA and developing an allocation methodology, SCAG has utilized the information generated through the development of the draft regional Integrated Growth Forecast. The Draft Integrated Growth Forecast of household growth between January 2006 and July 2014 is the starting basis for RHNA planning. At the regional level, total regional household growth projected between January 2006 and July 2014, plus vacancy and replacement adjustments during the equivalent 8 ½ year period is the draft construction need for the region (se below for detail).

The household forecast for each county between January 2006 and July 2014 provided by the Draft Integrated Growth Forecasts is the start of the RHNA allocation plan at county level. Similarly, the household forecast for each jurisdiction, including unincorporated areas within each county between January 2006 and July 2014 is the start of the RHNA allocation plan at jurisdictional level.

Each jurisdiction's household distribution using county level median household income based on Census 2000 is the starting basis for RHNA housing allocation plan by income category.

Incorporate AB 2158 Planning Factors in Earlier Stage of the Integrated Growth Forecast Process

Consideration of several local AB 2158 planning factors has been incorporated in the draft Integrated Growth Forecast by way of analysis of aerial land use data, employment and job growth data from the ES202 data base, Census Transportation Planning Package data, general plan, parcel level property data from tax assessor's office, building permit, demolition data and forecast surveys distributed to local jurisdictions.

However, because the draft Integrated Growth Forecast arguably does not adequately address some of the AB 2158 factors, such as loss of units contained in assisted housing developments, high housing costs burdens, and the housing needs for farm workers, the final allocation methodology will depend on outcomes of policy recommendations from the CEHD and RHNA Methodology Subcommittee, which are to be reviewed and approval by SCAG's Regional Council. In addition, the final allocation methodology will also incorporate additional information from local jurisdictions regarding the AB 2158 factors as a result of the subregional workshops. Planning factors not adequately incorporated in the Integrated Growth Forecasting process may be addressed by adding data and/or statistics from 2000 Census to the "Existing Needs Statement" of the RHNA, or through application of policy recommendations.

Specifically, the AB 2158 factors have been considered in the draft Integrated Growth Forecast Process as follows:

(1) Each member jurisdiction's existing and projected jobs and housing relationship

The resulting job/housing relationships are appropriately maintained for all local jurisdictions throughout the forecasting/planning horizon.

(2) The opportunities and constraints to development of additional housing in each member jurisdiction, including all of the following, (i) lack of sewer or water service due to laws or regulations, (ii) the availability of land suitable for urban development or for conversion to residential use, (iii) lands preserved or protected from urban development under governmental programs designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis, and (iv) county policies to preserve prime agricultural land within an unincorporated area:

The Integrated Growth Forecasting Process started with extensive survey of all local jurisdictions regarding their land use and constraints. All subregions/local jurisdictions are invited to provide SCAG their respective growth perspective and inputs. In addition, Compass 2% growth opportunity areas are identified throughout the region to redirect growth favoring an urban form consistent with regional mobility and air quality goals.

(3) The distribution of household growth assumed for purposes of a comparable period of regional transportation plan and opportunities to maximize the use of public transportation and existing transportation infrastructure.

The distribution reflects the results of the "Integrated Growth Forecasts."

(4) The market demand for housing

All indicators of market demand, such as trends of building permits, household growth, employment growth and population growth are built in the forecasting methodology and model throughout all geographic levels. In addition, the RHNA Subcommittee reviewed this factor and provided a policy recommendation, which was approved by the CEHD Committee on November 2006. See below for further discussion.

(5) Agreements between a county and cities in a county to direct growth toward incorporated areas of the county

This is addressed through extensive survey of all local jurisdictions and subregion/local jurisdiction inputs/comments process.

(6) The loss of units contained in assisted housing development.

The RHNA Subcommittee provided policy recommendations to address this factor, which was approved by the CEHD Committee on November 2006. See below for further discussion.

(7) High housing costs burdens.

The RHNA Subcommittee provided policy recommendations to address this factor, which was approved by the CEHD Committee on November 2006. See below for further discussion.

(8) The housing needs of farmworkers.

The Integrated Growth Forecasts did provide projection of agricultural jobs (wage and salary jobs plus self employment) by place of work. The corresponding requirements of workers were also provided by place of residence. There is no information regarding the forecasts of migrant workers. The RHNA Subcommittee provided policy recommendations to address this factor, which was approved by the CEHD Committee on November 2006. See below for further discussion.

(9) The housing needs generated by the presence of a private university or a campus of the California State University or the University of California within any member jurisdiction.

Input regarding university housing was gathered as part of the subregional workshops.

(10) Others factors adopted by the council of governments.

To date, SCAG has not adopted any other planning factors to be considered as part of the allocation methodology.

Policy decisions by RHNA Methodology Subcommittee regarding Allocation Methodology, adopted by CEHD in November 2006

As described above that the Integrated Growth Forecasting process may have adequately addressed most of the AB 2158 planning factors, it was staff's opinion that there are certain factors requiring policy considerations for purposes of completing the Allocation Methodology. The CEHD established a RHNA Subcommittee to assist staff regarding these policy considerations. The RHNA Subcommittee was comprised of local elected officials, and considered the following factors:

- Farmworker housing needs
- Loss of at-risk low-income units
- Housing Cost
- Market Demand
- Fair Share/Over-concentration

With significant comments and inputs from the Programs and Plans Technical Advisory Committee (TAC), the RHNA Subcommittee' made recommendations regarding these factors and how whether they would be addressed in the Allocation Methodology. The recommendations of the RHNA Subcommittee were presented to and approved by the CEHD in November 2006 as follows.

Farmworker Housing Needs

The housing needs of farmworkers are not always included in a housing allocation methodology. Farmworker housing needs are concentrated geographically and across farm communities in specific SCAG region counties and sub areas. The CEHD approved a policy that combines an existing housing need statement with giving local jurisdictions the discretion to deal with farmworker housing needs. This factor will not be addressed in SCAG's Allocation Methodology. Instead, SCAG will provide the farmworker housing need data for local jurisdictions to adequately plan for such need in preparing their housing elements. These data include:

- Farmworkers by Occupation;
- Farmworkers by Industry;
- Place of Work for Agriculture.

Loss of At-risk Low-Income Units

The conversion of low-income units into non-low-income uses is not necessarily reflected in a housing allocation methodology. The loss of such units affects the proportion of affordable housing needed within a community and the region as a whole. There is an inherent risk of losing more affordable units in any one year than are allocated to be built, which severely impacts local housing accessibility for low-income households.

The CEHD approved a policy that combines an existing housing need statement with giving local jurisdictions the discretion to deal with this factor. This factor will not be addressed as part of SCAG's Allocation Methodology. Instead, SCAG will provide the data for this factor for local jurisdictions to adequately plan for the loss of at risk low income units in preparing their housing elements.

High Housing Cost Burden

The CEHD approved the recommendation by the RHNA Subcommittee to assign more housing to high housing cost jurisdictions relative to lower cost jurisdictions based on vacancy rate differentials as recommended by the RHNA Subcommittee. The recommendation is to use the regional vacancy rate of 3.5% (HCD Low scenario), broken down by renter and owner-status, across all jurisdictions to adjust the future vacant unit need, with special adjustments for impacted communities with a high concentration of low income households. For these impacted communities, the lower of the Census vacancy rate or the 3.5% vacancy rate will be used. Collectively, this approach regarding the high housing cost burden will modestly increase housing stock in low vacancy, high housing cost communities versus other jurisdictions, and is based upon an ideal healthy market vacancy adjustment consistent with the State HCD low scenario, which assumes an ownership vacancy rate of 2.3% and a renter vacancy rate of 5%.

The mathematical equation for addressing this policy decision for purposes of the RHNA Allocation Methodology would be as follows:

Construction Needs for each Jurisdiction (January 2006-July 2014):

[Household Growth (January 2006-July 2014) + Replacement Needs (1997-2005)/9*8.5] +
[Vacancy Rate Adjustment (3.5% = 2.3% for Owner, 5% for Renter)] –
Adjustments for local jurisdictions where the share of very-low and low income household is greater than their county's share of very-low and low income households, and their vacancy rates are lower than the combined vacancy rate of 3.5%.

Market Demand

The CEHD adopted the RHNA Subcommittee's recommendation that the Integrated Growth Forecast adequately address this factor and elected not to make any further adjustments relating to the market demand for housing and the employment to population relationship for purposes of the Allocation Methodology.

Fair Share/Over Concentration

California housing law states that the regional housing allocation methodology must avoid or mitigate the over- concentration of income groups in a jurisdiction to achieve its objective of increasing the supply and mix of housing types, tenure, and affordability in an equitable manner, which would result in each jurisdiction receiving an allocation of units for low and very low income households [see, Govt. Code Section 65584(d)].

The CEHD adopted the recommendation from RHNA Subcommittee that each community should close the gap between their current income household distribution and the county median distribution, by specifically adjusting their respective levels to 110% of the county average. SCAG finds that this "fair share adjustment" would fully address the statutory planning requirement to achieve equity by moving to the county income distribution over the 2005-2014 planning period and avoid the further concentration of lower income households in "impacted" communities.

Example of Allocation of Construction Needs by Income Category utilizing approved Fair Share Adjustment):

Each jurisdiction will move 110% towards the county distribution in each of its four income categories. For example, based on county median household income in 2000 Census, a jurisdiction's income distribution is:

Very low (29.5%), Low (16.8%), Moderate (16.6%), Above moderate (37.1%),

The county distribution is:
Very low (24.7%), Low (15.7%), Moderate (17.1%), Above moderate (42.6%),

The final adjusted allocation for the jurisdiction by income category following the fair share adjustment is:

Very low: 24.2% = 29.5% - (29.5% - 24.7%) x 110%
Low: 15.6% = 16.8% - (16.8% - 15.7%) x 110%
Moderate: 17.1% = 16.6% - (16.6% - 17.1%) x 110%

Above moderate: 43.1% = 37.1% - (37.1% - 42.6%) x 110%

For the detailed analysis of the recommendations of the RHNA Subcommittee approved by the CEHD, please see the November 2, 2006 agenda and attachments for the CEHD Committee.
http://scag.ca.gov/committees/pdf/cehd/2006/november/cehd110206_5_2.pdf

Incentives for Local Governments willing to accept higher share than proposed in Draft Housing Allocation Plan

Incentives for local governments to accept more units than what was allocated to them include eligibility for State HCD programs such as the Workforce Incentive Program which provides awards of non-housing funds to support new affordable housing development, and new Infrastructure Bond funded programs that support infill and transit oriented development in accordance with Regional Plans. SCAG also provides demonstration project and technical assistance to communities that request assistance in developing more housing around transit and along transportation corridors in a manner consistent with the Regional Transportation Plan, the Integrated Growth Forecast and the Compass Blueprint program.

Additional information regarding the State Workforce Incentive Program: The Workforce Incentive Program will provide $23 million in incentive grants to cities and counties to encourage approval of new housing affordable to very low- or low-income households. To be eligible, cities and counties must have a housing element found to be in substantial compliance with housing element law and have submitted to HCD the annual progress report required by Section 65400 of the Government Code. Grant amounts are based on the numbers of bedrooms in units restricted for very low and low-income households during each calendar year, with grants for very low-income units greater than grants for low-income units. Applicants that received Jobs-Housing Balance Incentive grant funds in 2003 will also receive a bonus grant per bedroom. Grants shall be used for the construction or acquisition of capital assets (pursuant to government Code Section 16727) that serve to benefit the community (California Statutes 2002, Chapter 482 (SB 423)).