



Attachment 2

FREQUENTLY ASKED QUESTIONS ABOUT RHNA

REGIONAL HOUSING NEEDS ALLOCATION (RHNA) OVERVIEW

What is RHNA?

Local housing is enshrined in state law as a matter of “vital statewide importance” and, since 1969, the State of California has required that all local governments (cities, towns and counties, also known as local jurisdictions) adequately plan to meet the housing needs of everyone in our communities. To meet this requirement, each city or county must develop a Housing Element as part of its General Plan (the local government’s long-range blueprint for growth) that shows how it will meet its community’s housing needs. There are many laws that govern this process, and collectively they are known as [Housing Element Law](#).

The Regional Housing Need Allocation (RHNA) process is the part of Housing Element Law used to determine how many new homes, and the affordability of those homes, each local government must plan for in its Housing Element. This process is repeated every eight years, and for this cycle the Monterey Bay Area is planning for the period from 2023 to 2031.

How does RHNA assist in addressing the Monterey Bay Area’s housing crisis?

State law is designed to match housing supply with demand—particularly for affordable homes. Each new RHNA cycle presents new requirements to address dynamic housing markets, which in recent years have seen demand dramatically outstrip supply across all affordability levels. RHNA provides a local government with a minimum number of new homes across all income levels for which it must plan in its Housing Element. The Housing Element must include sites zoned for enough capacity to meet the RHNA goals as well as policies and strategies to expand housing choices and increase housing affordability.

Who is responsible for RHNA?

Responsibility for completing RHNA is shared among state, regional, and local governments:

- The **role of the State** is to identify the total number of homes for which each region in California must plan in order to meet the housing needs of people across the full spectrum of income levels, from housing for very low-income households all the way to market rate housing. This is developed by the [California Department of Housing and Community Development \(HCD\)](#) and is known as the Regional Housing Need Determination (RHND).

- The **role of the region** is to allocate a share of the RHND to each local government in the region. As the Council of Governments (COG) for Monterey and Santa Cruz Counties, the Association of Monterey Bay Area Governments (AMBAG) is responsible for developing the methodology for sharing the RHND among the cities and two counties in the region. AMBAG does this in conjunction city and county staff and the AMBAG Board of Directors. The Council of San Benito County Governments performs this same function for the three local jurisdictions in San Benito County.
- The **role of local governments** is to participate in the development of the allocation methodology and to update their Housing Elements and local zoning to show how they will accommodate their share of the RHND, following the adoption of the RHNA methodology.

What are the steps in the RHNA process?

Conceptually, RHNA starts with the Regional Housing Needs Determination (RHND) provided by HCD, which is the total number of housing units the AMBAG region needs over the eight-year period, by income group. The heart of AMBAG’s work on RHNA is developing the methodology to allocate a portion of housing needs to each city and county in the region. AMBAG is working with the Planning Directors Forum which to develop RHNA methodology options. The AMBAG Board of Directors is schedule to approve the proposed methodology in November 2021.

Following HCD’s findings that the draft RHNA methodology furthers the RHNA objectives, AMBAG is scheduled to adopt a final methodology and draft allocations for every local government in the AMBAG region in January 2022. The Draft 2023-2031 RHNA Plan is scheduled to be released in January/February 2022.

A local government or HCD can appeal any local government’s draft allocation. After AMBAG takes action on any appeals, it will issue the final allocations by the summer 2022. Local governments must update Housing Elements by December 2023, including identifying sites that are zoned with enough capacity to meet the RHNA allocation. AMBAG’s role in the RHNA process ends once it has allocated a share of the Regional Housing Needs Determination (RHND) to each local government in the AMBAG region; HCD then reviews and approves local Housing Elements.

What’s the timeline for completing RHNA?

The RHNA process is currently underway and will be complete by the summer 2022. Local governments will then have until December 2023 to update their Housing Elements.

This is the 6th cycle for RHNA. What’s different this time?

Recent legislation resulted in the following key changes for this RHNA cycle:

- There is a higher total regional housing need. HCD's identification of the region's total housing needs has changed to account for unmet existing need, rather than only projected housing need. HCD now must consider overcrowded households, cost burdened households (those paying more than 30% of their income for housing), and a target vacancy rate for a healthy housing market (with a minimum of 5%).
- RHNA and local Housing Elements must affirmatively further fair housing. According to HCD, achieving this objective includes preventing segregation and poverty concentration as well as increasing access to areas of opportunity. HCD has mapped [Opportunity Areas](#) and has developed guidance for jurisdictions about [how to address affirmatively furthering fair housing in Housing Elements](#). As required by Housing Element Law, AMBAG has surveyed local governments to understand fair housing issues, strategies, and actions across the region.
- There will be greater HCD oversight of RHNA. AMBAG must now submit the draft allocation methodology to HCD for review and comment. HCD can also appeal a jurisdiction's draft allocation.
- Identifying Housing Element sites for affordable units will be more challenging. There are new limits on the extent to which jurisdictions can reuse sites included in previous Housing Elements and increased scrutiny of small, large, and non-vacant sites when these sites are proposed to accommodate units for very low- and low-income households.

How can I be more involved in the RHNA process?

Public participation is encouraged throughout the RHNA process especially at public meetings and during official public comment periods following the release of discussion documents and board decisions. Visit the AMBAG website to view upcoming meetings.

Is AMBAG's prior RHNA available to review?

Yes, you can find more information about the [2014-2023 RHNA Plan](#) on the AMBAG website.

REGIONAL HOUSING NEEDS DETERMINATION (RHND) FROM HCD

What is the Regional Housing Needs Determination?

The California Department of Housing and Community Development (HCD) identifies the total number of homes for which each region in California must plan in order to meet the housing needs of people at all income levels. The total number of housing units from HCD is separated into four income categories that cover everything from housing for very low-income households all the way to market rate housing. AMBAG is responsible for developing a methodology to allocate a portion of this housing need to every local government in the Bay Area.

The four income categories included in the RHND are:

- Very Low Income: 0-50% of Area Median Income
- Low Income: 50-80% of Area Median Income
- Moderate Income: 80-120% of Area Median Income
- Above Moderate Income: 120% or more of Area Median Income

What are the objectives and factors that must be considered in the RHNA methodology?

The RHNA objectives provide the guiding framework for how AMBAG must develop the methodology. AMBAG is required to demonstrate how its methodology furthers each of the objectives. The RHNA factors include a longer list of considerations that must be incorporated into the methodology to the extent that sufficient data is available.

Summary of RHNA objectives [from [Government Code §65584\(d\)](#)]:

1. Increase housing supply and mix of housing types, with the goal of improving housing affordability and equity in all cities and counties within the region.
2. Promote infill development and socioeconomic equity; protect environmental and agricultural resources; encourage efficient development patterns; and achieve greenhouse gas reduction targets.
3. Improve intra-regional jobs-to-housing relationship, including the balance between low-wage jobs and affordable housing units for low-wage workers in each jurisdiction.
4. Balance disproportionate household income distributions (more high-income allocation to lower-income areas, and vice-versa)
5. Affirmatively further fair housing

Summary of RHNA factors [from [Government Code §65584.04\(d\)](#)]:

1. Jobs and housing relationship
2. Opportunities and constraints to development of additional housing, including capacity for sewer and water service, availability of land suitable for development, lands preserved or protected from development, and county policies to preserve prime agricultural land.
3. Opportunities to maximize transit and existing transportation infrastructure
4. Policies directing growth toward incorporated areas
5. Loss of units contained in assisted housing developments
6. High housing cost burdens
7. Rate of overcrowding
8. Housing needs of farmworkers
9. Housing needs of UC and Cal State students
10. The housing needs of individuals and families experiencing homelessness
11. Loss of units during an emergency
12. SB 375 Greenhouse Gas Reduction Targets
13. Other factors adopted by Council of Governments (COGs)

What does it mean to “affirmatively further fair housing?”

For the 2023-2031 RHNA (6th Cycle), recent legislation added a new objective that requires the RHNA plan to “affirmatively further fair housing.” According to [Government Code Section 65584\(e\)](#), this 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.”

In addition to this requirement for promoting fair housing as an outcome for RHNA, statutes required AMBAG to collect information about fair housing issues, strategies, and actions in its survey of local jurisdictions about data to inform the development of the RHNA allocation methodology.

Lastly, a local jurisdiction’s Housing Element must also affirmatively further fair housing and includes a program that establishes goals and actions to do so. HCD has developed guidance for jurisdictions about [how to address affirmatively furthering fair housing in Housing Elements](#).

Does RHNA dictate how local governments meet their communities’ housing needs or where new housing goes within a given city or county?

It is important to note the primary role of the RHNA methodology is to encourage a pattern of housing growth for the Monterey Bay Area. The final result of the RHNA process is the allocation of housing units by income category to each jurisdiction as a whole. It is in the local Housing Element that local governments will select the specific sites that will be zoned for housing and the policies and strategies for addressing a community’s specific housing needs, such as addressing homelessness, meeting the needs of specific populations, affirmatively furthering fair housing, or minimizing displacement.

CONNECTIONS BETWEEN RHNA AND 2045 METROPOLITAN TRANSPORTATION PLAN/SUSTAINABLE COMMUNITIES STRATEGGY

How are RHNA and 2045 Metropolitan Transportation Plan/Sustainable Communities Strategy related?

The 2045 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) is the Monterey Bay region's next long-range regional plan for transportation, housing, the economy, and the environment, focused on resilient and equitable strategies for the next 25 years. Anticipated to be adopted in June 2022, the 2045 MTP/SCS will establish a blueprint for future growth and infrastructure. The 2045 MTP/SCS must meet or exceed a wide range of federal and state requirements, including a per-capita greenhouse gas reduction target of 6 percent by 2035. Upon adoption by AMBAG, it will serve as the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) for the Monterey Bay Area.

By law, the RHNA Plan is required to be consistent with the development pattern from the 2045 MTP/SCS. These two planning processes seek to address the Monterey Bay area's housing needs over different time horizons: 2045 MTP/SCS has a planning horizon of 2045, while the 6th cycle of RHNA addresses the need to address short-term housing needs, from 2023 to 2031. To achieve the required consistency, both the overall housing growth for the region, as well as housing growth on a more localized level, must be greater in the long-range plan than over the eight-year RHNA cycle.

How is the 2045 MTP/SCS used as part of the RHNA methodology?

Data from the [2022 Regional Growth Forecast](#), which was accepted for planning purposes by the AMBAG Board of Directors in November 2020, is proposed to be incorporated into the draft RHNA methodology as the baseline allocation. The baseline allocation is used to assign each jurisdiction an initial share of the RHND. A jurisdiction's baseline share is then adjusted up or down based on how the jurisdiction scores relative to the rest of the region on the factors included in the draft RHNA methodology.

THE RHNA APPEALS PROCESS

What is the RHNA appeals process?

The release of draft RHNA Plan including the local jurisdiction's allocations initiates the appeals phase of RHNA. [Government Code Section 65584.05](#) allows a jurisdiction or HCD to appeal the draft RHNA allocation for **any** jurisdiction.

Where can I find my jurisdiction's draft RHNA allocation?

Following adoption of the final RHNA methodology by the AMBAG Board, AMBAG will issued the draft RHNA Plan including allocations. This is scheduled for January/February 2022.

What is the filing deadline for appeals? When will AMBAG review appeals?

The deadline for a local jurisdiction or HCD to file an appeal will be 45-days after the release of the draft RHNA Plan/allocations which is scheduled for January/February 2022. If appeals are

received, there is a then be a 45-day comment period on any appeals filed. AMBAG will conduct a public hearing to consider the appeals and comments received in May/June 2022.

Who can file an appeal?

Any jurisdiction in the AMBAG region, as well as HCD, could file an appeal of any jurisdiction's draft RHNA allocation within the AMBAG region. A jurisdiction could file an appeal of its own draft RHNA allocation and/or one or more appeals of the draft allocations of other jurisdictions.

Is there a limit to the number of appeals one jurisdiction could file?

Every jurisdiction could file multiple appeals and there was no limit on the number of appeals filed by each jurisdiction. The filed appeals could request increases or decreases to draft RHNA allocations.

What are the reasons a jurisdiction or HCD could submit an appeal?

State Housing Element law allows an appeal to be filed **only** for the following three reasons:

1. AMBAG failed to adequately consider the information submitted as part of the local jurisdiction survey (see [Government Code Section 65584.04\(b\)](#) for more details about the survey). AMBAG conducted this survey in summer 2021 and received responses from every local jurisdiction.
2. AMBAG did not determine the jurisdiction's allocation in accordance with its adopted methodology and in a manner that furthers, and does not undermine, the RHNA objectives identified in [Government Code Section 65584\(d\)](#).
3. A significant and unforeseen change in circumstances has occurred in the local jurisdiction or jurisdictions that merits a revision of the information submitted as part of the local jurisdiction survey. *Appeals on this basis shall only be made by the jurisdiction or jurisdictions where the change in circumstances has occurred.*

[Government Code Section 65584.04\(g\)](#) also specifies criteria that **cannot** be used a basis for reducing a jurisdiction's allocation:

- Any local ordinance, policy, voter-approved measure or standard limiting residential development.
- Underproduction of housing from the last RHNA cycle.
- Stable population numbers in a jurisdiction.

How will AMBAG conduct the public hearing to consider RHNA appeals?

Housing Element Law requires AMBAG to hold a public hearing to consider RHNA appeals. Depending on the number of appeals AMBAG receives, the hearing may occur over several days. RHNA appeals will be heard by the AMBAG Board of Directors, which will have final

authority for decisions on appeals. A Board member must recuse him/herself on an appeal affecting his/her jurisdiction.

Will there be an opportunity to challenge an appeal of my jurisdiction's allocation filed by another jurisdiction?

A jurisdiction that is the subject of an appeal filed by another jurisdiction will have the opportunity to challenge the appeal and present their case at the appeal public hearing.

What happens to the units if the appeal of a jurisdiction's draft RHNA allocation is successful?

[Housing Element Law](#) requires AMBAG to allocate all of the housing units assigned to the Monterey Bay Area by HCD. If the appeal of a jurisdiction's draft RHNA allocation is successful, AMBAG must redistribute the units to other local governments in the region.

AMBAG will redistribute units to all local governments in the region in proportion to a jurisdiction's share of the RHND after appeals are determined and prior to the required distribution. Applicants whose appeals are upheld are not excluded from redistribution.

RHNA AND LOCAL JURISDICTIONS

How are local jurisdictions involved in RHNA? Do they help create the housing methodology?

Planning staff from each local jurisdiction are on the Planning Directors Forum. The Planning Directors Forum provides technical input into the development of allocation methodology which was provided to the AMBAG Board of Directors. The AMBAG Board of Directors includes one elected official from each city in the region and two elected supervisors from each county. The AMBAG Board of Directors has the authority to make final decisions. Local governments can provide feedback on the proposed methodology during the public comment period, and have the opportunity to provide public comment at meetings throughout the RHNA process. In 2022, local governments will have an opportunity to file appeals on the draft RHNA Plan and allocations.

How does RHNA impact local jurisdictions' general plans? What is a Housing Element?

California's Housing Element Law states that "designating and maintaining a supply of land and adequate sites suitable, feasible, and available for the development of housing sufficient to meet the locality's housing need for all income levels is essential to achieving the state's housing goals." Once a city, town or county receives its RHNA allocation, it must then update the Housing Element of its general plan and zoning to demonstrate how it will accommodate all of the units assigned for each income category. General plans serve as a local government's blueprint for how the city, town or county will grow and develop. There are seven elements that all jurisdictions are required to include in the General Plan: land use, transportation, conservation, noise, open space, safety, and housing.

What agency is responsible for the certification of Housing Elements?

AMBAG’s role in the RHNA process ends once it has allocated a share of the Regional Housing Needs Determination (RHND) to each local government in the Bay Area. The [California Department of Housing and Community Development \(HCD\)](#) reviews and approves Housing Elements and is responsible for all other aspects of [enforcing Housing Element Law](#).

Is there any funding and technical assistance available to assist local jurisdictions in creating their Housing Elements?

In the 2019-20 Budget Act, Governor Gavin Newsom allocated \$250 million for all regions, cities, and counties to do their part by prioritizing planning activities that accelerate housing production to meet identified needs of every community. With this allocation, HCD established the [Local Early Action Planning Grant Program \(LEAP\)](#) to provide funding directly to local jurisdictions for housing planning activities. In addition, a [Regional Early Action Program \(REAP\)](#) was also created to provide funding to regional COGs. AMBAG allocated nearly its entire REAP funding allocation to local jurisdictions to assist with housing planning activities, including the preparation of local housing elements. See the document [HCD Housing Element Compliance Incentives and Consequences](#) for more information.

Will my jurisdiction be penalized if we do not plan for enough housing?

State [Housing Element Law](#) requires that jurisdictions plan for all types of housing based on the allocations they receive from the RHNA process. The state requires this planning, in the form of having a compliant housing element, and submitting housing element annual progress reports, as a threshold or points-related requirement for certain funding programs (SB 1 Sustainable Community Planning Grants, SB 2 Planning Grants and Permanent Local Housing Allocation, etc.). Late submittal of a housing element can result in a jurisdiction being required to submit a four-year update to their housing element.

HCD [may refer jurisdictions to the Attorney General](#) if they do not have a compliant housing element, fail to comply with their HCD-approved housing element, or violate housing element law, the housing accountability act, density bonus law, no net loss law, or land use discrimination law. The consequences of those cases brought by the Attorney General are up to the courts, but can include financial penalties. In addition, as the housing element is one of the required components of the general plan, a jurisdiction without a compliant housing element, may risk legal challenges to their general plan from interested parties outside of HCD.

Local governments must also implement their commitments from the housing element, and the statute has several consequences for the lack of implementation. For example, failure to rezone in a timely manner may impact a local government’s land use authority and result in a carryover of RHNA to the next cycle. Failure to implement programs can also influence future housing element updates and requirements, such as program timing. HCD may investigate any action or lack of action in the housing element.

Will my jurisdiction be penalized if we do not build enough housing?

For [jurisdictions that did not issue permits for enough housing](#) to keep pace consistent with RHNA building goals, a developer can elect to use a ministerial process to get project approval for residential projects that meet certain conditions. This, in effect, makes it easier to build housing in places that are not on target to meet their building goals. See the document [HCD Housing Element Compliance Incentives and Consequences](#) for more information.

GLOSSARY OF ACRONYMS

AMBAG - Association of Bay Area Governments

AMI – Area Median Income

DOF - California Department of Finance

HCD - California Department of Housing and Community Development

RHNA - Regional Housing Need Allocation

RHND - Regional Housing Need Determination

MTP/SCS – Metropolitan Transportation Plan/Sustainable Communities Strategy

TCAC - California Tax Credit Allocation Committee