**BOARD OF DIRECTORS**

**POLICY AGENDA**

Friday, July 9, 2010
10 a.m. to 12 noon
SANDAG Board Room
401 B Street, 7th Floor
San Diego

**AGENDA HIGHLIGHTS**

- **SENATE BILL 375 IMPLEMENTATION: DRAFT GREENHOUSE GAS TARGETS FROM THE CALIFORNIA AIR RESOURCES BOARD**

- **REGIONAL HOUSING NEEDS ASSESSMENT AND THE UPCOMING HOUSING ELEMENT CYCLE**

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San Diego Association of Governments · 401 B Street, Suite 800, San Diego, CA 92101-4231
(619) 699-1900 · Fax (619) 699-1905 · www.sandag.org
Welcome to SANDAG. Members of the public may speak to the Board of Directors on any item at the time the Board is considering the item. Please complete a Speaker’s Slip, which is located in the rear of the room, and then present the slip to the Clerk of the Board seated at the front table. Also, members of the public are invited to address the Board on any issue under the agenda item entitled Public Comments/Communications/Member Comments. Speakers are limited to three minutes. The Board of Directors may take action on any item appearing on the agenda.

This agenda and related staff reports can be accessed at www.sandag.org under Meetings on the SANDAG Web site. Public comments regarding the agenda can be forwarded to SANDAG via the e-mail comment form also available on the Web site. E-mail comments should be received no later than 12 noon, two working days prior to the Board of Directors meeting. Any handouts, presentations, or other materials from the public intended for distribution at the Board of Directors meeting should be received by the Clerk of the Board no later than 12 noon, two working days prior to the meeting.

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1. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG that is not on this agenda. Anyone desiring to speak shall reserve time by completing a “Request to Speak” form and giving it to the Clerk of the Board prior to speaking. Public speakers should notify the Clerk of the Board if they have a handout for distribution to Board members. Speakers are limited to three minutes. Board members also may provide information and announcements under this agenda item.

CONSENT (2)

+2. FY 2010 STATE TRANSIT ASSISTANCE ALLOCATION (Sookyung Kim) APPROVE

The State Transit Assistance (STA) is a state program administered locally that provides support for public transit services. Although the FY 2010 state budget included a provision that eliminated this fund source for three years, in March of this year the Governor signed new legislation that restores the STA program. The State Controller’s Office transmitted the final STA allocations in a letter dated June 22, 2010. North County Transit District (NCTD) approved this item at its May meeting in anticipation of this action and has submitted a claim to seek the payment. The Transportation Committee recommends that the Board of Directors approve Resolution No. 2011-01, approving the FY 2010 STA claim for NCTD in substantially the same form as attached to the report.

REPORTS (3 through 4)

+3. SENATE BILL 375 IMPLEMENTATION: DRAFT GREENHOUSE GAS TARGETS FROM THE CALIFORNIA AIR RESOURCES BOARD (Rob Rundle) DISCUSSION

In June the California Air Resources Board (CARB) issued draft greenhouse gas (GHG) targets pursuant to Senate Bill 375 (Steinberg, 2008) for all regions in the state. Staff will provide an overview of the draft GHG target, how it relates to the GHG scenario testing that was presented to the Board of Directors in May, and next steps before the final target is adopted by CARB in September.
4. REGIONAL HOUSING NEEDS ASSESSMENT AND THE UPCOMING HOUSING ELEMENT CYCLE (Susan Baldwin)  

Discussion

Initial work on the Regional Housing Needs Assessment (RHNA) for the fifth housing element cycle has begun and is scheduled to be completed by July 2011 in conjunction with the 2050 Regional Transportation Plan. This report provides an overview of the RHNA process, schedule, objectives, and factors to be considered in the allocation methodology.

5. UPCOMING MEETINGS

Information

The next Business meeting is scheduled for Friday, July 23, 2010, from 8 a.m. to 12 noon. Please note the change in the meeting start time.

6. ADJOURNMENT

+next to an agenda item indicates an attachment
Introduction

The State Transit Assistance (STA) is a state program administered locally that provides support for public transit services. The FY 2010 state budget included a provision to eliminate this funding source for three years; however, in March of this year the Governor signed into law ABx8-6 and ABx8-9, which restored the STA program. The State Controller’s Office published the final STA allocations on June 22, with payments to the counties transmitted on June 25, 2010. In anticipation of this action, the North County Transit District (NCTD) Board of Directors approved the required findings and resolution at its May 2010 meeting. At its June 25, 2010, meeting, the SANDAG Board of Directors approved the NCTD findings as part of the approval for the FY 2011 Transportation Development Act allocations. The Transportation Committee reviewed this item at its July 2, 2010, meeting and recommended approval.

Discussion

NCTD STA Claim ($5,945,102)

The FY 2010 allocation was made available by the State Controller’s Office in a letter dated June 22, 2010. NCTD plans to use the entire amount available for operations. State law requires that operators meet certain qualifying criteria (to determine service efficiency) to use STA funds for operations; however, the state budget legislation suspended this requirement from January 1, 2010, through FY 2012. As a result, SANDAG did not calculate the operations qualifications for NCTD and Metropolitan Transit System (MTS). The SANDAG area, as defined under the STA program, consists of the area outside of the MTS area of jurisdiction. NCTD is the only claimant of STA funds in the SANDAG area.

GARY L. GALLEGOS
Executive Director

Attachment: 1. Resolution No. 2011-01

Key Staff Contact: Sookyung Kim, (619) 699-6909, ski@sandag.org

No Budget Impact
RESOLUTION
NO. 2011-01

APPROVING THE ALLOCATION OF
STATE TRANSIT ASSISTANCE (STA) CLAIM TO THE
NORTH COUNTY TRANSIT DISTRICT

WHEREAS, the North County Transit District (NCTD) has filed a claim for State Transit Assistance (STA) funds in the amount of $5,945,102 for FY 2010 pursuant to Section 6730(a) of Title 21 of the California Code of Regulations (CCR); and

WHEREAS, at the June 25, 2010, meeting, the Board of Directors adopted the required findings for NCTD pursuant to Section 6754; and

WHEREAS, the Board of Directors finds that the above claim is in substantial conformance with the provisions of the Transportation Development Act of 1971, as amended, and meets the specific requirements of Section 6754 of Title 21 of the CCR;

NOW THEREFORE

BE IT RESOLVED by the SANDAG Board of Directors as follows:

1. That the Board of Directors does hereby approve the allocation of STA to the following claimants for purposes listed below:

<table>
<thead>
<tr>
<th>Claim No.</th>
<th>Claimant</th>
<th>Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>11041003</td>
<td>NCTD</td>
<td>Operating</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$5,945,102</td>
</tr>
</tbody>
</table>

2. That the Board of Directors does hereby authorize the Executive Director to prepare and transmit allocation instructions to the San Diego County Auditor as are necessary and legal for payment of this claim.

PASSED AND ADOPTED this 9th day of July 2010.

__________________________________________________________________________
CHAIRPERSON ATTEST: ___________________________ SECRETARY

MEMBER AGENCIES: Cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Diego, San Marcos, Santee, Solana Beach, Vista, and County of San Diego.

ADVISORY MEMBERS: California Department of Transportation, Metropolitan Transit System, North County Transit District, Imperial County, U.S. Department of Defense, San Diego Unified Port District, San Diego County Water Authority, Southern California Tribal Chairmen's Association, and Mexico.
SENATE BILL 375 IMPLEMENTATION:
DRAFT GREENHOUSE GAS TARGETS FROM
THE CALIFORNIA AIR RESOURCES BOARD

Introduction

SANDAG is in the process of developing its first Regional Transportation Plan (RTP) subject to the provisions of Senate Bill 375 (SB 375) (Steinberg, 2008). The 2050 RTP is scheduled for Board adoption in summer 2011. At the May 14, 2010, Board of Directors Policy meeting, SANDAG staff provided an overview of the SB 375 implementation efforts, which included the testing of initial scenarios that were developed to demonstrate the effects various bundles of transportation and land use measures could have on greenhouse gas (GHG) emissions. At the May 28, 2010, Board meeting, SANDAG staff presented a hybrid scenario based on feedback the Board provided at the May 14, meeting.

Based on a recommendation from the Board of Directors, SANDAG staff submitted the information to the California Air Resources Board (CARB) for its consideration in the GHG target-setting process. It should be noted that SANDAG staff did provide information to CARB staff describing why additional land use intensities that are not consistent with existing or soon-to-be-updated general plans, were not included in the target-setting submittal as requested by the SANDAG Board of Directors.

Discussion

On June 24, 2010, CARB staff presented an information item to its Board of Directors that described the process of collaborating with the metropolitan planning organizations (MPOs) to establish a draft GHG target within the timeframe required in SB 375. To inform CARB on where the existing RTPs for each of the four major MPOs would lead related to GHG emissions, the information in Table 1 was provided. Table 1 indicates that the large MPOs in the state already are taking actions in their respective regions that would reduce GHG emissions on a per-capita basis. The purpose of the scenario-testing process was to determine what additional GHG reductions could be achieved if implemented. While CARB staff understands that additional analysis is required to determine the feasibility of the measures and level of deployment of the measures, the information was used as input into the GHG target-setting process.

When setting the GHG targets, CARB staff indicated that the 2020 targets were better refined than the 2035 targets. CARB staff indicated that the 2035 target as currently proposed in draft form should only be viewed as a provisional placeholder that will be modified based on additional analysis that will be provided by the MPOs over the summer. The draft GHG targets set by CARB staff are outlined in Table 2.
Table 1 – MPO Greenhouse Gas Emissions
(Average Weekday Pounds Per Capita CO₂ Emissions from Passenger Vehicles)

<table>
<thead>
<tr>
<th>MPO</th>
<th>2005 Base Year</th>
<th>Current Plan</th>
<th>Percentage Change</th>
<th>From 2005 to 2020</th>
<th>From 2005 to 2035</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCAG</td>
<td>21.2</td>
<td>20.1</td>
<td>20.4</td>
<td>-5%</td>
<td>-4%</td>
</tr>
<tr>
<td>MTC/ABAG</td>
<td>20.8</td>
<td>19.7</td>
<td>20.1</td>
<td>-5%</td>
<td>-3%</td>
</tr>
<tr>
<td>SANDAG*</td>
<td>26.0</td>
<td>23.2</td>
<td>23.4</td>
<td>-11%</td>
<td>-10%</td>
</tr>
<tr>
<td>SACOG</td>
<td>22.4</td>
<td>21.5</td>
<td>19.6</td>
<td>-4%</td>
<td>-13%</td>
</tr>
</tbody>
</table>

* A vehicle maintenance cost was assumed as a model input for SANDAG and all the other MPOs in this analysis. The vehicle maintenance cost was not carried through to all the scenario analyses shown in Table 3.

Table 2 – California Air Resources Board Draft GHG Targets for the San Diego Region

<table>
<thead>
<tr>
<th>Target Year</th>
<th>Per-Capita Reduction From 2005 Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>-5 to -10%</td>
</tr>
<tr>
<td>2035</td>
<td>-5 to -19%</td>
</tr>
</tbody>
</table>

While the 2020 draft GHG target range for the four large MPOs [Southern California Association of Governments (SCAG), Metropolitan Transportation Commission/Association of Bay Area Governments (MTC/ABAG), SANDAG, and Sacramento Area Council of Governments (SACOG)] is the same, the 2035 draft provisional target was based on the range of results that each MPO provided to CARB for their consideration. It is for that reason that the SANDAG 2035 draft provisional target ranges from 5 percent to 19 percent (see Table 3). The draft 2035 provisional targets for the other MPOs are based on the ranges of their individual scenarios. CARB is well aware of the work that needs to be completed at a staff level and with the SANDAG Board of Directors before a refined 2035 GHG target can be set.
Table 3 – SANDAG Greenhouse Gas Emissions Scenario Testing
(Average Weekday Pounds Per Capita CO₂ Emissions from Passenger Vehicles and Light-Duty Trucks and Percentage Change from 2005 Baseline)

<table>
<thead>
<tr>
<th>2005 Baseline = 26.0 CO₂ lbs / person</th>
<th>2030 RTP Revenue Constrained*</th>
<th>Operations: System Efficiency &amp; TDM (Scenario A)</th>
<th>Development: System Development (Scenario B)</th>
<th>Pricing (Scenario C)</th>
<th>Hybrid Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>2050 Regional Growth Forecast</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>23.7</td>
<td>22.9</td>
<td>23.4</td>
<td>22.0</td>
<td>N/A**</td>
</tr>
<tr>
<td></td>
<td>-8.8%</td>
<td>-11.9%</td>
<td>-10.0%</td>
<td>-15.4%</td>
<td></td>
</tr>
<tr>
<td>2035</td>
<td>24.6</td>
<td>23.6</td>
<td>24.1</td>
<td>23.1</td>
<td>21.1</td>
</tr>
<tr>
<td></td>
<td>-5.4%</td>
<td>-9.2%</td>
<td>-7.3%</td>
<td>-11.2%</td>
<td>-18.8%</td>
</tr>
</tbody>
</table>

* This baseline scenario includes the use of the revenue constrained transportation network in the 2030 RTP and the land use and population data included in the 2050 Regional Population Growth Forecast.

**Due to time constraints, only 2035 GHG emission numbers were calculated for the hybrid scenario.

Next Steps

Over the next few weeks, SANDAG staff will continue to collaborate with CARB, Caltrans, and other MPOs in the state and will report progress to the Board of Directors. A final GHG target is required to be set by CARB no later than September 30, 2010. In order to meet this deadline, CARB staff has indicated that they will be posting a report for its Board’s consideration in August. SB 375 allows regions to recommend a target for CARB to consider prior to the final target being set. Therefore, SANDAG staff anticipates presenting potential additional input for CARB staff consideration at the SANDAG Board of Directors meeting on July 23. Pending Board of Directors approval, the proposed target would be submitted to CARB.

GARY L. GALLEGOS
Executive Director

Attachment: 1. SB 375 Target Setting: Hybrid Scenario Description

Key Staff Contact: Rob Rundle, (619) 699-6949, rru@sandag.org
## Existing RTP Level of Deployment

<table>
<thead>
<tr>
<th>#</th>
<th>Program</th>
<th>Description</th>
<th>On Model/Off Model</th>
<th>2020 Level of Deployment</th>
<th>2035 Level of Deployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bottleneck relief projects</td>
<td>Revenue Constrained highway network</td>
<td>On</td>
<td>2020 Revenue Constrained highway network updated to include 17 additional projects:</td>
<td>2030 Revenue Constrained highway network (with 17 additional projects noted in the 2020 Level of Deployment)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I-805 NB Plaza Blvd. Aux Lane</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I-8 WB Fletcher Pkwy Aux Lane</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I-15 SB Centre City Pkwy Aux Lane</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I-15 SB Valley Pkwy Aux Lane</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I-8 WB Texas St./Mission Ctr. Capacity Improvements</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I-805 NB University Ave. Aux Lane</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>SR-52 (AM/PM) Mast Blvd. Interchange Improvements</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>SR-94 WB 49th St. Aux Lane</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I-5 NB B St. Aux Lane</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>SR-78 EB/WB (AM/PM) Barham Dr. Aux Lane</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I-805 SB Governor Dr. Aux Lane</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I-805 SB La Jolla Village Dr. Aux Lane</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I-5 SB 29th St. Aux Lane</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I-5 NB Manchester Ave. Aux Lane</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I-5 SB 5th Ave. Aux Lane</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Telecommuting/flexible/alternative work schedules</td>
<td>5% daily white-collar worker trip reduction</td>
<td>On</td>
<td>15% of daily white-collar work trip reduction</td>
<td>Same as 2020 deployment level</td>
</tr>
<tr>
<td>3</td>
<td>Vanpool programs</td>
<td>Projected 20% vanpool increase by 2010 already achieved</td>
<td>Off</td>
<td>75% increase in number of vanpools by 2020 (1,124 vans up from 662)</td>
<td>175% increase in number of vanpools by 2035 (1,814 vans up from 662)</td>
</tr>
<tr>
<td>4</td>
<td>Safe routes to schools strategies</td>
<td>Not included in RTP assumptions</td>
<td>Off</td>
<td>10% increase in walk/bike school trips (159,775 trips up from 145,250) by 2020</td>
<td>20% increase in walk/bike school trips (179,542 trips up from 149,618) by 2035</td>
</tr>
<tr>
<td>5</td>
<td>Carpool programs</td>
<td>Not included in RTP assumptions</td>
<td>Off</td>
<td>70% increase in number of carpoolers (214,724 carpoolers up from 126,587 carpoolers) from 2010 to 2020</td>
<td>144% increase in number of carpoolers (309,342 carpoolers up from 126,587 carpoolers) from 2010 to 2035</td>
</tr>
<tr>
<td>6</td>
<td>Buspool programs</td>
<td>Not included in RTP assumptions</td>
<td>Off</td>
<td>Buspool participation of 15% military personnel (15,766 buspoolers) by 2020</td>
<td>Buspool participation of 40% military personnel (41,708 buspoolers) by 2035</td>
</tr>
</tbody>
</table>
### Existing RTP Level of Deployment

<table>
<thead>
<tr>
<th>Systems Development</th>
<th>On Model/ Off Model</th>
<th>2020 Level of Deployment</th>
<th>2030 Level of Deployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Transit system improvements</td>
<td>Revenue Constrained transit network</td>
<td>On</td>
<td>2020 Reasonably Expected transit network</td>
</tr>
<tr>
<td>2 Transit station park-and-ride facilities</td>
<td>Revenue Constrained park-and-ride network</td>
<td>On</td>
<td>Model was allowed to unconstrain number of park-and-ride spaces at suburban lots and transit stations (3,500 additional spaces utilized above 16,800 in the 2020 Revenue Constrained network)</td>
</tr>
<tr>
<td>3 Bicycle network facilities</td>
<td>Not included in RTP assumptions</td>
<td>Off</td>
<td>Test full deployment of regional bicycle network (2035 network reduced by 50% to estimate 2020 time period) (280,031 bike trips)</td>
</tr>
<tr>
<td>4 Pedestrian network facilities</td>
<td>Not included in RTP assumptions</td>
<td>Off</td>
<td>10% increase in all walk trips by 2020 (494,203 walk trips up from 449,275)</td>
</tr>
</tbody>
</table>

### Pricing

<table>
<thead>
<tr>
<th>Systems Development</th>
<th>On Model/ Off Model</th>
<th>2020 Level of Deployment</th>
<th>2030 Level of Deployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 High-occupancy vehicle (HOV) and high-occupancy toll (HOT) lanes</td>
<td>2030 Revenue Constrained highway network: Managed Lanes (ML) on I-15, I-5, SR 52 and portions of I-805 HOV Lanes on I-5, SR 52, SR 94 and portions of I-805</td>
<td>On</td>
<td>2020 Reasonably Expected highway network including the following enhancements over the Revenue Constrained plan: SR 94 from I-805 to SR 125: +2 HOV</td>
</tr>
<tr>
<td>2 Regional parking pricing program</td>
<td>RTP model 5 zone parking: Zone 5 - Metropolitan Center: $8 per day Zone 4 - Urban Center: $6 per day Zone 3 - Town Center: $4 per day Zone 2 - Community Center: $1 per day Zone 1 - Other: $0 per day</td>
<td>On</td>
<td>Adjust 5 zone system pricing as follows: Zone 5 - Metropolitan Center: $24 per day Zone 4 - Urban Center: $18 per day Zone 3 - Town Center: $12 per day Zone 2 - Community Center: $1 per day Zone 1 - Other: $0 per day</td>
</tr>
</tbody>
</table>
REGIONAL HOUSING NEEDS ASSESSMENT AND THE UPCOMING HOUSING ELEMENT CYCLE

Introduction

SANDAG is beginning the Regional Housing Needs Assessment (RHNA) for the next (fifth) housing element cycle. This responsibility is assigned to SANDAG by state housing element law, and SANDAG undertakes this process prior to each housing element cycle as described in the statutory excerpts in Attachment 1.

Recent legislation, Senate Bill 375 (SB 375) (Steinberg, 2008) and SB 575 (Steinberg, 2009), affect the RHNA and fifth housing element cycle in several ways. The main differences for this cycle include the timing of the RHNA process, required coordination/consistency with the Regional Transportation Plan (RTP) and its Sustainable Communities Strategy (SCS) per SB 375, and the length of the housing element cycle. The fifth cycle for the San Diego region will cover an eight-year time period from January 1, 2013, to December 31, 2020. Past housing elements covered a five-year cycle.

Attachment 2 of this report is a timeline for the RHNA process as it relates to the development of the 2050 RTP and its SCS. Staff will give a presentation regarding the history of housing element law, related statewide housing issues, the relationship of the RHNA to the Regional Comprehensive Plan (RCP), and challenges and opportunities presented by the RHNA process.

Discussion

State Housing Element Law and Regional Comprehensive Plan Objectives

State housing element law (Government Code Section 65584 (d)) states that the RHNA shall be consistent with the four following objectives. These objectives are consistent with the SANDAG RCP and Smart Growth Concept Map and include:

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 all jurisdictions receiving an allocation of units for low- and very low-income households.
2. Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.
3. Promoting an improved intraregional relationship between jobs and housing.
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 decennial United States census.
SB 375 requires that the RHNA be consistent with the development pattern of the SCS, that the SCS show that it accommodates the RHNA, and that the SCS land use pattern, and therefore the RHNA, assist the region in meeting the greenhouse gas (GHG) reduction targets that will be set by the California Air Resources Board (CARB). The CARB established draft GHG targets on June 24, 2010, and plans to issue final GHG targets by September 30, 2010. SANDAG will need to develop the RHNA and the SCS in such a way that they assist the region in meeting these GHG targets.

Role of SANDAG Working Groups in RHNA Process

In its charter, the Regional Planning Technical Working Group (TWG) - composed of the planning directors of the 18 cities and County of San Diego - is given the responsibility of reporting to the Regional Planning Committee on the RHNA. The Regional Housing Working Group (RHWG) advises the Regional Planning Committee on regional housing-related issues. Because of their common responsibilities, the TWG and RHWG will meet jointly to discuss and formulate recommendations to the Regional Planning Committee on the RHNA process, allocation methodology, and allocations. The first joint meeting of the two working groups occurred on June 8, 2010.

At that meeting, comments from working group members were focused on factors to be used in developing the RHNA. Interest was expressed in considering the following factors as the RHNA is developed:

- Subregional allocations
- Rural vs. urban areas
- Jobs/housing fit (as discussed in the Regional Targets Advisory Committee (RTAC) report)
- Transportation and housing costs
- Reducing GHG emissions
- Social equity and environmental justice
- Employment capacity
- Constraints to development such as airport influence areas, habitat, etc.
- Fair housing

The two working groups will meet again on Thursday, July 8, to further discuss the factors to be used in the development of the RHNA methodology.

Regional Planning Committee

The Regional Planning Committee discussed the RHNA schedule and RHNA objectives contained in state housing element law on April 2, 2010. Comments from members of the Committee included:

- Expression of interest in providing for socio-economically balanced communities that include housing for households in all four income categories (very low-, low-, moderate-, and above moderate-income);
- Expression of interest in considering state legislation that would allow counting (to a greater degree than currently allowed) affordable units that have been acquired, rehabilitated, and rent restricted (often referred to as “acq/rehab” units) in the identification of adequate sites section of the housing element and that would reflect the SANDAG RCP;
• A question regarding whether granny flats/second units can be used in the identification of adequate sites (state law allows such units to be counted); and

• A question regarding what affect the Palmer v. City of Los Angeles (2009 California Court of Appeals) decision will have on inclusionary housing. Based on this court decision, local jurisdiction inclusionary housing requirements may not be able to be applied to rental units unless the units are subsidized through a direct financial contribution or receive a density bonus incentive, because of preemption by a state law known as the Costa-Hawkins Rental Housing Act. This case is causing jurisdictions to consider changes to their inclusionary housing ordinances and could result in the construction of fewer affordable units.

Consultation with California Department of Housing and Community Development

Prior to the determination by the California Department of Housing and Community Development (HCD) of the region’s housing needs by income category for the next housing element cycle, SANDAG and HCD staff are required to consult with each other to exchange information about the assumptions and methodology (population projections, vacancy rates, household formation rates, etc.) used in the determination. HCD staff met with SANDAG staff on June 21, 2010, to continue the consultation that started during the formulation of the 2050 Regional Growth Forecast. Linda Wheaton from HCD and Mary Heim from the California Department of Finance both participated in the expert review meetings that took place during the development of the SANDAG 2050 forecast. SANDAG expects to receive its regional housing determination from HCD by the end of July.

Another issue that HCD and SANDAG staff discussed at the June 21 meeting was the requirement in SB 575 that SANDAG inform HCD of the adoption date for the 2050 RTP. Per SB 375, local jurisdiction housing elements are due within 18 months of adoption of the RTP. SANDAG staff is planning to inform HCD that the 2050 RTP is scheduled to be adopted on July 22, 2011 (at the regular Board of Directors meeting scheduled in July 2011). Based on that adoption date, local housing elements would be due no later than January 21, 2013. (If the RTP is adopted later than July 22, 2011, the due date for local housing elements also would be later.)

Next Steps

SANDAG staff will be keeping the Board of Directors informed and seeking its direction regularly during the RHNA process regarding the development of the RHNA methodology, the regional housing need determination from HCD, and the draft allocation numbers.

GARY L. GALLEGOS
Executive Director

Attachments: 1. Excerpts from Housing Element Law (65584 and 65584.04) – Regional Housing Needs Assessment Objectives, Methodology, and Factors
2. Key Dates for Regional Housing Needs Assessment Fifth Housing Element Update

Key Staff Contact: Susan Baldwin, (619) 699-1943, sba@sandag.org
Excerpts from Housing Element Law (65584 and 65584.04)
Regional Housing Needs Assessment (RHNA)
Objectives, Methodology, and Factors

65584. (a) (1) For the fourth and subsequent revisions of the housing element pursuant to Section 65588, the department shall determine the existing and projected need for housing for each region pursuant to this article. For purposes of subdivision (a) of Section 65583, the share of a city or county of the regional housing need shall include that share of the housing need of persons at all income levels within the area significantly affected by the general plan of the city or county.

(2) While it is the intent of the Legislature that cities, counties, and cities and counties should undertake all necessary actions to encourage, promote, and facilitate the development of housing to accommodate the entire regional housing need, it is recognized, however, that future housing production may not equal the regional housing need established for planning purposes.

(b) The department, in consultation with each council of governments, shall determine each region's existing and projected housing need pursuant to Section 65584.01 at least two years prior to the scheduled revision required pursuant to Section 65588. The appropriate council of governments, or for cities and counties without a council of governments, the department, shall adopt a final regional housing need plan that allocates a share of the regional housing need to each city, county, or city and county at least one year prior to the scheduled revision for the region required by Section 65588. The allocation plan prepared by a council of governments shall be prepared pursuant to Sections 65584.04 and 65584.05 with the advice of the department.

(c) Notwithstanding any other provision of law, the due dates for the determinations of the department or for the councils of governments, respectively, regarding the regional housing need may be extended by the department by not more than 60 days if the extension will enable access to more recent critical population or housing data from a pending or recent release of the United States Census Bureau or the Department of Finance. If the due date for the determination of the department or the council of governments is extended for this reason, the department shall extend the corresponding housing element revision deadline pursuant to Section 65588 by not more than 60 days.
(d) The regional housing needs allocation plan shall be consistent with all of the following objectives:

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.

2. Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.

3. Promoting an improved intraregional relationship between jobs and housing.

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 decennial United States census.

(e) For purposes of this section, "household income levels" are as determined by the department as of the most recent decennial census pursuant to the following code sections:


2. Lower incomes, as defined by Section 50079.5 of the Health and Safety Code.

3. Moderate incomes, as defined by Section 50093 of the Health and Safety Code.

4. Above moderate incomes are those exceeding the moderate income level of Section 50093 of the Health and Safety Code.

(f) Notwithstanding any other provision of law, determinations made by the department, a council of governments, or a city or county pursuant to this section or Section 65584.01, 65584.02, 65584.03, 65584.04, 65584.05, 65584.06, or 65584.07 are exempt from the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code).

65584.04. (a) At least two years prior to a scheduled revision required by Section 65588, each council of governments, or delegate subregion as applicable, shall develop a proposed methodology for distributing the existing and projected regional housing need to cities, counties, and cities and counties within the region or within the subregion, where applicable pursuant to this section. The
methodology shall be consistent with the objectives listed in subdivision (d) of Section 65584.

(b) (1) No more than six months prior to the development of a proposed methodology for distributing the existing and projected housing need, each council of governments shall survey each of its member jurisdictions to request, at a minimum, information regarding the factors listed in subdivision (d) that will allow the development of a methodology based upon the factors established in subdivision (d).

(2) The council of governments shall seek to obtain the information in a manner and format that is comparable throughout the region and utilize readily available data to the extent possible.

(3) The information provided by a local government pursuant to this section shall be used, to the extent possible, by the council of governments, or delegate subregion as applicable, as source information for the methodology developed pursuant to this section. The survey shall state that none of the information received may be used as a basis for reducing the total housing need established for the region pursuant to Section 65584.01.

(4) If the council of governments fails to conduct a survey pursuant to this subdivision, a city, county, or city and county may submit information related to the items listed in subdivision (d) prior to the public comment period provided for in subdivision (c).

(c) Public participation and access shall be required in the development of the methodology and in the process of drafting and adoption of the allocation of the regional housing needs. Participation by organizations other than local jurisdictions and councils of governments shall be solicited in a diligent effort to achieve public participation of all economic segments of the community. The proposed methodology, along with any relevant underlying data and assumptions, and an explanation of how information about local government conditions gathered pursuant to subdivision (b) has been used to develop the proposed methodology, and how each of the factors listed in subdivision (d) is incorporated into the methodology, shall be distributed to all cities, counties, any subregions, and members of the public who have made a written request for the proposed methodology. The council of governments, or delegate subregion, as applicable, shall conduct at least one public hearing to receive oral and written comments on the proposed methodology.

(d) To the extent that sufficient data is available from local governments pursuant to subdivision (b) or other sources, each council of governments, or delegate subregion as applicable, shall include the following factors to develop the methodology that allocates regional housing needs:

(1) Each member jurisdiction’s existing and projected jobs and housing relationship.
(2) The opportunities and constraints to development of additional housing in each member jurisdiction, including all of the following:

(A) Lack of capacity for sewer or water service due to federal or state laws, regulations or regulatory actions, or supply and distribution decisions made by a sewer or water service provider other than the local jurisdiction that preclude the jurisdiction from providing necessary infrastructure for additional development during the planning period.

(B) The availability of land suitable for urban development or for conversion to residential use, the availability of underutilized land, and opportunities for infill development and increased residential densities. The council of governments may not limit its consideration of suitable housing sites or land suitable for urban development to existing zoning ordinances and land use restrictions of a locality, but shall consider the potential for increased residential development under alternative zoning ordinances and land use restrictions. The determination of available land suitable for urban development may exclude lands where the Federal Emergency Management Agency (FEMA) or the Department of Water Resources has determined that the flood management infrastructure designed to protect that land is not adequate to avoid the risk of flooding.

(C) Lands preserved or protected from urban development under existing federal or state programs, or both, designed to protect open space, farmland, environmental habitats, and natural resources on a long-term basis.

(D) County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.

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

(4) The market demand for housing.

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

(6) The loss of units contained in assisted housing developments, as defined in paragraph (9) of subdivision (a) of Section 65583, that changed to non-low-income use through mortgage prepayment, subsidy contract expirations, or termination of use restrictions.

(7) High-housing cost burdens.

(8) The housing needs of farmworkers.

(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.
(10) Any other factors adopted by the council of governments.

(e) The council of governments, or delegate subregion, as applicable, shall explain in writing how each of the factors described in subdivision (d) was incorporated into the methodology and how the methodology is consistent with subdivision (d) of Section 65584. The methodology may include numerical weighting.

(f) Any ordinance, policy, voter-approved measure, or standard of a city or county that directly or indirectly limits the number of residential building permits issued by a city or county shall not be a justification for a determination or a reduction in the share of a city or county of the regional housing need.

(g) In addition to the factors identified pursuant to subdivision (d), the council of governments, or delegate subregion, as applicable, shall identify any existing local, regional, or state incentives, such as a priority for funding or other incentives available to those local governments that are willing to accept a higher share than proposed in the draft allocation to those local governments by the council of governments or delegate subregion pursuant to Section 65584.05.

(h) Following the conclusion of the 60-day public comment period described in subdivision (c) on the proposed allocation methodology, and after making any revisions deemed appropriate by the council of governments, or delegate subregion, as applicable, as a result of comments received during the public comment period, each council of governments, or delegate subregion, as applicable, shall adopt a final regional, or subregional, housing need allocation methodology and provide notice of the adoption of the methodology to the jurisdictions within the region, or delegate subregion as applicable, and to the department.

(i) (1) It is the intent of the Legislature that housing planning be coordinated and integrated with the regional transportation plan. To achieve this goal, the allocation plan shall allocate housing units within the region consistent with the development pattern included in the sustainable communities strategy.

(2) The final allocation plan shall ensure that the total regional housing need, by income category, as determined under Section 65584, is maintained, and that each jurisdiction in the region receive an allocation of units for low- and very low income households.

(3) The resolution approving the final housing need allocation plan shall demonstrate that the plan is consistent with the sustainable communities strategy in the regional transportation plan.
<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
<th>Notes</th>
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<tbody>
<tr>
<td>Feb 2010</td>
<td>SANDAG Board accepts 2050 Regional Growth Forecast for planning purposes for use in preparing the 2050 Regional Transportation Plan (RTP), Sustainable Communities Strategy (SCS), and RHNA. (The California Department of Finance (DOF) and Department of Housing and Community Development (HCD) staff participated in SANDAG’s forecast advisory group.)</td>
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<tr>
<td>January 1, 2010</td>
<td>Eleven-year RHNA projection period for fifth housing element cycle starts (January 1, 2010 – December 31, 2020)</td>
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<tr>
<td>May 1, 2010</td>
<td>DOF issues 2010 E-5 estimates used in RHNA consultation process; SANDAG and HCD continue consultation started during development of 2050 Regional Growth Forecast</td>
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<tr>
<td>May–Dec 2010</td>
<td>Regional Planning Technical Working Group (TWG) and Regional Housing Working Group (RHWG) develop RHNA methodology</td>
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<tr>
<td>June 10, 2010</td>
<td>Joint TWG/RHWG meeting to kick off RHNA methodology discussion: RHNA background, schedule, and principles</td>
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<td>Jul 2010</td>
<td>HCD provides SANDAG with regional housing need determination for RHNA projection period: January 1, 2010 – December 31, 2020 (11 years) (The SANDAG 2050 Regional Growth Forecast projects an additional 127,000 housing units during the 11-year RHNA projection period.)</td>
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<tr>
<td>July 9, 2010</td>
<td>SANDAG Board of Directors holds policy meeting to discuss RHNA</td>
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<tr>
<td>July 23, 2010</td>
<td>SANDAG provides HCD and Caltrans date of expected adoption of 2050 RTP in writing as required by SB 575</td>
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<tr>
<td>Jul–Dec 2010</td>
<td>TWG and RHWG prepare draft jurisdiction/income RHNA allocations based on RHNA methodology</td>
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<td>Feb 2011</td>
<td>Draft of RTP/SCS/RHNA accepted for distribution/public review</td>
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<td>July 22, 2011</td>
<td>Final RTP/SCS/RHNA adopted</td>
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<td>January 21, 2013</td>
<td>Due date for January 1, 2013 – December 31, 2020 (8 year) housing elements due within 18 months after RTP is adopted)*</td>
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*Housing elements are due every four years for:

1. Jurisdictions that did not adopt their fourth housing element revisions by January 1, 2009, and did not adopt the fourth revision by March 31, 2010, and complete any rezoning contained in the housing element program by June 30, 2010; and

2. Jurisdictions that do not adopt their housing element within 120 days from next housing element due date.
Good Morning SANDAG Board,

I’m Mike Bullock from Oceanside, a retired Satellite Systems Engineer.

The June 2008 *Scientific American* states that the warming caused by the level of CO2, expected within a few decades, will result in a 5% chance of an increase of 14 Degrees Fahrenheit, resulting in a risk of "a devastating collapse of the human population, perhaps even to extinction."

None of us would knowingly gamble with the health and safety of our grandchildren, just to have an easy time in elected office or in our retired life. Rather, the Board does not realize the danger it is creating. CO2 molecules absorb and then emit infrared heat. I first learned this in graduate school, in a course called Infrared Engineering. Furthermore, a gallon of gasoline results in about 20 pounds of CO2 molecules when burned. The CO2 caused by all humanity’s activity, per year, can be computed.

We measure the ever-increasing levels of CO2 in the earth’s atmosphere. It was 250 PPM when we discovered fossil fuel. It is now at 390 PPM. This matters because of the effective width of a CO2 molecule and how many of them exist per unit volume, first at 250 PPM, for comparison, and then at 390 PPM. Mercury is the closest planet to the Sun. However, Venus, the next closest, is warmer than Mercury, because of its atmosphere. Atmosphere matters. We are headed towards destabilization. Our current level of CO2 is higher than it’s been in 1.2 Million years.

Both NASA and the National Oceanic and Atmospheric Administration state unequivocally that global warming is caused by our burning of fossil fuel. Councilman Jack Feller was quoted in the North County Times that there is no global warming; there is global cooling. The Councilman and the majority of this Board cannot distinguish between truth and propaganda. Two oil companies plan to use such ignorance to pass Prop 23.

From a Scripps website, "New research illustrates how global warming, caused by greenhouse gases, can quickly disrupt ocean processes and lead to drastic climatological, biological and other important changes around the world."

AB32 was based on the false notion that it was safe to allow GHG levels to go to 450 PPM. If the entire world complied with AB32, GHG levels would go to 450. However, any value beyond 350 is unsafe. We have a crisis. Now.

Thank you. mike_bullock@earthlink.net
SB 375 – Target Setting

- Baseline Analysis
- Scenario Testing Refinements
- CARB Draft GHG Emissions Targets
- Next Steps
Comparison of GHG Emissions for Large MPOs

Average Weekday Pounds Per Capita CO2 Emissions

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<td>25.0</td>
<td>20.0</td>
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<tr>
<td>SACOG</td>
<td>22.0</td>
<td>17.0</td>
<td>12.0</td>
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What Accounts for SANDAG’s Higher Baseline GHG Emissions?

- Cross Border Travel
- Tourism-Related Travel
- Differences in CARB Air Quality Model (EMFAC) Assumptions for Vehicle Fleet Mix
Scenario A – Demand Management and System Efficiency

Scenario B – Transportation System Development
Scenario C - Pricing

Hybrid Scenario
SANDAG SB 375 Target Setting – Draft Targets

Average Weekday Pounds Per Capita CO2 Emissions From Passenger Vehicles and Light Duty Trucks

<table>
<thead>
<tr>
<th>Pounds</th>
<th>Forecast 2020</th>
<th>Forecast 2035</th>
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<tbody>
<tr>
<td>30.0</td>
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<tr>
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2005 Baseline

-5 to -10%

-5 to -19%

Target Setting Timeline

- MPO Coordination: July 2010
- SANDAG Board of Directors meeting – proposed final GHG targets: July 23, 2010
- Anticipated release of final CARB GHG targets: August 9, 2010
- Final GHG targets adopted by CARB: Sept. 30, 2010
Good Morning SANDAG Board,

Cars and light-duty trucks emit 41% of our GHG. This means that this sector’s reductions must be close to the AB32 reductions. AB32 requires an 18% reduction from 2005 (or .82 of 2005) to get to 1990 values. We drove a lot in 1990. AB32 requires we drop 80% below 1990 levels by 2050 so that to be on track we must drop down 40% below 1990 levels (.60 of 1990 levels) by 2035, which is half way between 2020 and 2050. Relative to 2005 our 2035 values need to be both the .82 factor and the .60 factor, or .82 x .60 = .492, meaning that we drop just over 50% from 2005 to be in line with AB32. We all remember the meeting, right here, where Ron Roberts and the CARB staff person could not answer basic questions about AB32. And the majority of this Board didn’t even seem to notice. Only Director Crawford noticed or cared. I have the documentation on that meeting.

CARB gives ranges of targets. However, SB375 states targets, not ranges of targets. The CARB ranges start at 5% reductions for both 2020 and 2035. This projects out to be a 5% reduction for 2050, from 2005 values. This contrasts with the AB32 reduction for 2050 that is 80% below 1990 values which is 83.6% below 2005 values. The largest CARB reduction for 2035 is 19% below 2005, far short of the 50% that is needed to be in line with AB32.

None of us would knowingly gamble with the health and safety of our grandchildren, just to have an easy time in elected office or in our retired life. CARB and this Board do not realize the danger they are creating.

This Board needs to request the only strategies that can get the reductions we need in the time period we need with the limited money we have. This is too unbundle the cost of all parking and to apply a comprehensive road-use fee pricing system, based on Skywater’s technology, as is being implemented in the Netherlands by 2014 and Denmark by 2016. Please set up a task force to work on a strategy that can realistically address our climate crisis.

From a Scripps website, “New research illustrates how global warming, caused by greenhouse gases, can quickly disrupt ocean processes and lead to drastic climatological, biological and other important changes around the world."

AB32 was based on the false notion that it was safe to allow GHG levels to go to 450 PPM. If the entire world complied with AB32, GHG levels would go to 450. However, any value beyond 350 is unsafe. We have a crisis. Now.

Thank you. mike_bullock@earthlink.net
July 7, 2010

SANDAG Board of Directors
401 B Street
San Diego, CA 92101


Dear Members of the Board:

The draft greenhouse gas (GHG) target ranges released by the California Air Resources Board offer a perfect opportunity to remind ourselves the importance of aggressive, yet achievable GHG reduction goals. Setting the bar high with our GHG reduction targets will not only enable us to fully comply with Sustainable Communities Strategy element requirements, it will also lead to innovative land use and transportation options that pave the way towards healthy and sustainable communities.

As leaders, we call on you to challenge the planners to help us get to higher targets for 2035. We should not settle for less in 2035, we should be aiming to achieve more. With a Sustainable Communities Strategy, a Regional Comprehensive Plan, a Smart Growth Concept Map, a completed long range forecast, and the strong desire to have healthy and wealthy communities for all, we should be setting our sights high. Ambitious GHG reduction targets are the catalysts for numerous benefits:

- Job growth and economic prosperity in our region by putting people to work on transit projects and transit oriented developments.
- Reducing traffic congestion and time wasted on freeways by implementing a robust transit network with competitive trip times that reduce VMT.
- Improving our health and safety by providing walkable, bikeable and transit-friendly neighborhoods.

Setting high targets now will give SANDAG the opportunity to be leaders in GHG reduction strategies that improve our quality of life in the future. Finally, we need to compare our strategies with those of other MPOs, and evaluate the best way to allocate resources in order to obtain a more effective VMT reduction strategy.

Sincerely,

[Signature]

Elyse Lowe
Executive Director, Move San Diego

Attachments (2):
1. Move San Diego Letter to Supervisor Ron Roberts re: Target Setting
2. Climate Plan Analysis of SANDAG SB 375 Target Scenarios (SANDAG excerpt).
June 18, 2010

Supervisor Ron Roberts
County of San Diego
1600 Pacific Highway Rm 335
San Diego, CA 92101

RE: June 24, 2010 CARB Agenda item 10-6-6 - Target Setting Efforts under Senate Bill 375

Honorable Supervisor Roberts:

As the San Diego area representative on the California Air Resources Board (CARB), you are acutely aware how the statewide conversations have been shaping up on setting Green House Gas (GHG) emission reductions targets. Move San Diego is impressed by SANDAG’s willingness to aim for the highest draft reduction targets of any MPO, but as the region with the highest per capita GHG emissions overall, it makes sense for our region to strive for the largest percent decrease.

Move San Diego would like to see the SANDAG regional GHG target for 2035 improve upon reductions made in 2020. Unfortunately, the 2035 target proposed by SANDAG is less ambitious than 2020. With substantial future development set to occur in smart growth areas your district, we ask that you consider the following points in justifying ambitious targets for 2020 and 2035.

**Strong Targets Will Spur New and More Efficient Construction**
- With strong targets, SANDAG will adopt regional plans that continue to focus growth, and developers will be likely to pursue projects exempt from the often time-consuming and costly CEQA review process.
- Rehabilitation of existing roads and buildings promotes construction jobs. A comparison of 155 metropolitan areas found that over a ten year period, areas with focused growth policies generated nearly $100,000 more per new resident in construction activity than areas with growth policies that facilitated sprawl or decentralization.¹
- Transit Oriented Development around projects such as the new extension of the Mid Coast Light Rail will have the opportunity to be developed as Transit Priority Projects with CEQA exemptions.

**Access to New Funding Sources**
San Diego is well poised to lead, making us more competitive for federal and state funds, and ensuring we use those funds well. The California Strategic

¹ The Jobs are Back in Town: Urban Smart Growth and Construction Employment (Philip Mattera with Greg LeRoy, published by Good Jobs First), 2003. Construction analysis conducted by Prof. Arthur C. Nelson of Virginia Polytechnic University and Prof. Raymond J. Burby of the

Growth Council will allocate $60 million in grants to cities, counties and MPOs for planning activities. Activities consistent with SB 375 are eligible for this funding putting San Diego in a great place to utilize this resource.

Federally, the new Office of Sustainable Communities is offering $100 million in Sustainable Communities Planning Grants through an initiative designed to promote regional planning efforts that integrate housing and transportation decisions. The City of San Diego’s Housing Commission is looking at this very closely as potential means to support new low income housing /transit oriented development in its work plan. SB 375 has given California a head start, and an ambitious target now will ensure the San Diego region increases its lead.

**Housing Location Efficiency**
- Market trends show that people want and are willing to pay more for homes where they can walk or take public transit. A 2007 survey from the National Association of Realtors shows that 83 percent of Americans support building communities where people can walk places and use their cars less.
- This shift to city-centered growth is already happening in California, and SB 375 will help cities meet this demand. The City of San Diego will take the bulk of the infill growth projected, from a total of four hundred thousand units to be developed throughout the region by 2050. SB 375 provides more certainty and stronger incentives for developers looking to take advantage of this trend.
- While there is no silver bullet in the fight against climate change, compact development is emerging as an important tool in the climate and energy toolbox.

**Transit Supportive Land Uses**
Higher targets will certainly help create more compact infill developments centered around transit- and that is what transit needs to be more successful in the region. Our transit systems need larger percentages of people who can walk easily to fast, modern efficient transit services. SANDAG’s new Urban Area Transit Strategy will be greatly supported by keeping ambitious, but achievable targets in play.

Thank you for taking a leadership role in pushing for ambitious targets for SANDAG.

If you have any questions, please don’t hesitate to contact me at (858) 204-6545 or elowe@movesandiego.org.

Sincerely,

Elyse W. Lowe

Elyse Lowe
Move San Diego
Executive Director
June 23, 2010

Mary Nichols, Chair
California Air Resources Board
1001 "I" Street
Sacramento, CA 95814

Re: Analysis of SB 375 Target Scenarios prepared by SANDAG, SCAG, MTC and SACOG

Dear Chairman Nichols,

On behalf of ClimatePlan, please find enclosed our analyses of the SB 375 scenarios presented to ARB by the four largest Metropolitan Planning Organizations (MPOs).

In order to aid the Air Resources Board in accomplishing its mandate to set regional targets, we evaluate the land use, transportation and pricing policies included in each of the MPOs’ scenarios and attempt to assess the degree to which these scenarios truly represent what is ambitious and achievable.

Both ARB and the MPOs deserve to be commended for the hard work they have done over the past several months to inform this process and for their commitment to making so much detailed information about the scenarios available and accessible to the public. This rich assembly of information helps us all to assess what is possible, not just in California, but as federal energy and transportation laws are crafted, to gain a more in depth understanding of how improved transportation and land use planning can contribute to overall environmental goals. Indeed, as with so many environmental issues, California’s implementation of SB 375 will be closely watched and precedent setting.

**Most MPO Scenarios Underestimate Reductions, Particularly for 2035**

We are encouraged by the scenarios that have been produced for this process, and they mark an historic step in envisioning a more prosperous and sustainable future. However, most of the MPO travel models do not fully account for the good work that cities and regions have already been doing, and their scenarios stop short of ARB’s ambitious achievable threshold for SB 375 targets.

Most of the MPOs’ existing travel models simply were not designed to deal with GHG emissions, and they tend to underestimate the GHG reductions from smarter land use and transportation. The regions are working hard to transition to the next generation of travel models, but only SACOG’s model comes close to accounting for what is possible.

Land use and transportation changes happen slowly, but the benefits accrue over time and add up to big savings in the longer term. Therefore we should see greater reductions in 2035 than 2020, and even greater reductions in 2050. The empirical evidence from across California and around the world supports this conclusion. We understand that all of the MPOs are continuing to learn what is possible as they create additional scenarios and
refine their technical analyses over the next several months and we strongly encourage you to support this process through September.

We offer these analyses to help inform your efforts in this precedent setting action. We encourage you to consider us as a resource throughout the process and we look forward to working closely with you to make sure California succeeds with implementation of SB 375.

Sincerely,

David Ausherman
Renaissance Planning Group

Peter Hathaway
Transportation Planning Consultant

Norm Marshall
Smart Mobility

Encl: biographies
SANDAG (San Diego)

Did SANDAG study a range of scenarios to inform what is ambitious and achievable?

Summary: SANDAG’s hybrid/ambitious scenario is fairly ambitious in land use, TDM, and TSM strategies, and reports ambitious results for transit. With its hybrid scenario, SANDAG reports the potential to reduce GHGs by as much as 19% by 2035. The ambitious transit results are laudable and should be supported by appropriate policies and investments. However, based on the information presented, we are concerned that these transit goals may not be supported. More ambitious strategies for walk-and-bike, land use, and pricing, plus less road expansion in outer suburban areas, SANDAG should be able to show equal or even better GHG reductions.

SANDAG examined three test scenarios, one focused on demand management (TDM), one on transit improvements, and one on pricing, each one in turn evaluated against two land use alternatives. SANDAG then created a hybrid scenario, with advice from its Board as to what to include, and this has de facto become SANDAG’s most ambitious scenario:

Land Use: For SANDAG, a fully ambitious land use would enhance its Urban and Town Center growth strategy, at least for the outer years after the current housing recession has passed, to support the transit strategies discussed below and make them more realistic. San Diego’s current housing stock is comprised of about 35% attached units, with that percentage gradually increasing over time. In the past decade, attached housing units have comprised 46% of new construction. For the 2007 RTP, 71% of new housing would be attached units going out to 2020 and 80% from then until 2030 (and 91% for the decade beyond, to 2040), and ten designated Urban Centers and 34 designated Town Centers would build up by absorbing much of the new growth. This represents an ambitious assumption, and the market, land supply, and land prices seem to support these trends.

SANDAG also examined an even more ambitious land use alternative, which would build out the existing eight Urban and 24 Town Centers to maximum density and put enough growth into ten designated new ones to reach at least minimum urban and town center density. This alternative would in effect accelerate attached housing unit trends and require more infill and redevelopment, and it would increase the amount of GHG reductions by about 8% for 2020 and 10% for 2035.

Road Network: SANDAG’s hybrid/ambitious scenario makes no changes to rein in suburban and interregional highway expansion. A fully ambitious scenario would retract or scale back highway projects in outlying areas, particularly those designed to serve interregional commuting, in favor of interior road, transit, or walk and bicycle projects to improve accessibility to or within Urban and Town Centers. SANDAG plans to spend $21 billion for highway expansion, for 32 HOV lane, managed lane, mixed flow lane, HOT lane, toll road, and interchange projects, plus another $7 billion for arterial corridor projects, through its 2007 RTP. This represents a very aggressive highway expansion in size as well as early construction. While the Bay Area would spend more on transit than road expansion, and LA and Sacramento would spend 30%-40% more on road than transit expansion, SANDAG would spend 278% more on road expansion than transit expansion. With the addition of HOV and HOT lanes in many corridors, San Diego’s freeways will have from 14 to 18 lanes on I-5 and I-15 into North County, twelve lanes on three other freeways, and ten lanes on much of the rest of the network; in comparison, twelve-lane
freeways are quite rare elsewhere in California, the standard for major urban freeways is eight lanes, and even the new Bay Bridge will have only ten lanes, so San Diego would build 20%-40% more capacity on its freeways than regions with much greater population. SANDAG’s county sales tax program (TransNet) expects to complete more than $7 billion of the $21 billion in highway expansion by 2014 using bonds.

Arguably SANDAG would overbuild its freeways, but it does to some extent tend to locate its freeway expansion strategically in the right places, on corridors that connect its Urban and Town Centers. Nine of the HOV, managed lane, and mixed flow projects (on I-5, I-15, and Routes 56, 76, & 78 to the north, I-8 and Routes 52 & 67 to the east, and Route 125 toll road to the southeast, costing $11 billion) serve growth at the suburban edge; several of these projects are already committed, through Prop. 1B state bonds or the TransNet sales tax program, in particular the $2.5 billion managed lanes on I-5 to Oceanside and I-15 to Escondido. Some of the suburban highway expansions would provide too much capacity to support more low density, single use suburban development than SANDAG intends be built, and might not be needed if more of that growth were redirected into Urban and Town Centers. The Route 241 toll road extension into Orange County plus HOT lanes on I-5 & I-15 to the north county line (cost of $3.5 billion) would promote more interregional commuting and in no way fit with the spirit of SB375.

**Demand Management (TDM):** The main concern about SANDAG’s TDM strategies is not how ambitious they are, but, as will be discussed below, whether SANDAG’s model would verify them as realistic if it had the capability to do so. SANDAG proposes TDM strategies that would yield 180,000 more carpool riders (144% increase), increase of 1150 vanpools (175% more than the RTP), and a 15% reduction in white-collar work trips (compared to 5% in the RTP) as part of its hybrid/ambitious scenario. These represent ambitious objectives, and would be easier to achieve with higher growth in Urban and Town Centers.

**System Management (TSM):** SANDAG’s TSM improvements represent a reasonably ambitious TSM approach, through investments that ensure better access to areas of higher growth, and help bus as much as auto access. SANDAG lays out seventeen additional TSM improvements in the hybrid/ambitious scenario, beyond the $500 million designated for TSM improvements in its 2007 RTP, all to be built by 2020. All are auxiliary lanes or local improvements at congested locations. Four of the 17 are in suburban North County, but fifteen of the 17 directly serve Urban or Town Center access, where better accessibility and lower congestion would support compact growth.

**Walk & Bike:** For SANDAG, a more ambitious walk and bike program would raise the overall investment in walk and bike projects to perhaps $2 billion (3.5% of the RTP), and change the focus to provide about $2 million per year for each Urban and Town Center, enough for one substantial project annually on a continuing basis (which could be supplemented with developer-built projects as well). SANDAG in its 2007 RTP proposes only $400 million investment in walk and bike projects, about 0.7% of the whole $57 billion financial plan. This is too modest an investment for walk and bike, which probably comprise at least 4% of all trips today. The hybrid/ambitious scenario would increase walk and bike trips to school by 30,000 (20%), using dedicated federal funds, and test full buildout of the regional bikeway network, which serves bicycle enthusiasts and recreational riders but does little to support more local travel by walk and bike. San Diego needs to foster walk and bike travel as real options, particularly for short local trips in Urban and Town Centers.
Transit: If SANDAG’s model provided greater confidence that a large shift from auto to transit use were realistic, the hybrid scenario would represent a very ambitious scenario. SANDAG through its 2007 RTP would invest $9 billion for major transit expansion, for three new rail/guideway corridors, grade separations and double tracking on the four existing corridors, new bus rapid transit corridors, plus the existing 120-line express and local bus system, and then consume $11-12 billion more for operating costs for the whole system going out to 2035. The light rail lines plus fifteen bus lines would run at frequencies of 10-minutes or less. This represents substantial transit service, particularly given the extensive amount of low density, single use residential and office/flight industrial park territory in San Diego.

The hybrid/ambitious scenario proposes to add twelve new bus lines (10%), increase frequency of light rail trains, and add park-and-ride garages, and reports that daily transit ridership increases by 123%. This is a laudable goal, but the results are not supported by the information provided, for three reasons: no revenue stream exists to fund the additional operating costs, there may not be room for 123% more riders on a transit system that expands by less than 20%, and the apparent success in shifting trips to transit may not be all that it seems because of quirks in SANDAG’s model discussed below. If the shift is overstated, SANDAG will need to concentrate more on its Urban Area Transit Strategy in its next RTP, including redirecting or increasing revenues to expand its system.

Pricing: SANDAG needs to consider a more realistic pricing scenario to achieve a fully ambitious approach, which could in addition provide funding for transit expansion. SANDAG in its 2007 RTP proposes to extend or add managed lanes on four corridors (I-5, I-15, I-805, & Route 52), and complete or widen three toll roads around the region (Routes 125, 241, & 11), within the framework of broader system expansion. In the hybrid/ambitious scenario, SANDAG would modify the RTP to build new HOV lanes as HOT lanes on three corridors (Routes 56, 78, & 94). Presumably all these toll facilities would use variable toll rates, and the extent of this toll system is more ambitious than in the other three major metro areas. To be consistent with SB 375, revenues generated by HOT lanes should be invested in transit, bicycle and pedestrian projects that reduce VMT. This is also an important equity consideration.

Does SANDAG’s modeling completely account for GHG reductions?

Summary: The problems noted here tend to overestimate auto travel and VMT, and paradoxically may overestimate the shift to transit use. If fixed or adjusted, SANDAG would gain confidence in its estimated GHG savings for the hybrid scenario, and better understanding of effects of policy and investment choices on travel behavior. SANDAG could then verify its GHG reductions, and learn more about effectiveness of current and more ambitious strategies.

SANDAG uses a traditional 4-Step Transportation Model, which represented the state-of-the-art from about 1960 to the mid-1990s. The 4-Step Model analyzes: 1) trip generation (what trips do people need or want to make?); 2) trip distribution (where do they go for those activities?); 3) mode choice (do they travel by driving, riding, taking transit, bicycling, or walking?); and 4) trip assignment (what route do they take, with feedback that considers other routes during congestion). The typical 4-Step Model is based on traffic analysis zones, which provide an
average behavior for the people within them. The 4-Step Model was designed to assess mobility and forecast congestion, and it can do those things adequately.

However, the 4-Step Model cannot assess very well, or at all, policy questions of today: How do demographics (age, income, household size) affect travel behavior? How do household size and land uses affect auto ownership and use? Why and how do people decide to chain activities together? To what extent do travel time and out-of-pocket cost affect travel choices? What would variable pricing of auto travel do to travel choices? How does people’s travel behavior respond to TDM signals for carpooling, walking, bicycling, and telecommuting? How does local geography affect walking, bicycling, and walk-to-transit? What do local land use details, particularly mixed uses, mean to travel behavior? The 4-Step Model must use a post-processor, typically involving extrapolation, to estimate answers to these kinds of questions.

SANDAG’s 4-Step Model encounters at least four problems in looking at these issues, which limit RTP analysis and have become critical to SB375 planning:

- The model exaggerates the value of travel time. In assessing travel choices, the model trades off travel time versus out-of-pocket cost. This obviously affects whether a driver will use a HOT lane or toll road instead of free lanes, but it also affects the choice to travel by faster auto instead of slower but cheaper transit. SANDAG’s model allows for three values of travel time, for lower (<$39,200), middle ($39,200-$78,400), and higher (>=$78,400) income households. The income ratio among these groups is about 1:2.3, but the ratio of value of travel time among the same groups is about 1:5:20. For the middle group, value of travel time is reasonable at $5-$11 per hour; that means that for the lower income group, value of travel time is way too low, resulting in artificially high use of transit, and for the higher income group, value of travel time is way too high, resulting in almost no use of transit and excessive willingness to pay road tolls. This may explain why so many trips shift from driving to transit in the hybrid scenario. SANDAG should reexamine and adjust its coefficients for value of time in its model.

- The model assumes some results without calculating them. The 15% TDM reduction in white collar work trips, walk and bike trips, and carpooling are all predetermined inputs to the model rather than outputs based on travel behavior calculations. With no signal from the model about travel behavior choices, SANDAG does not really know whether its policies and investments are as effective as it thinks they are, and it appears that the model may not remove the auto trips that are no longer made because of TDM, thus overstating traffic and congestion levels. SANDAG cannot get its model to do things it is not capable of; but it should consider a post-processor to make appropriate adjustments.

- The model fails to replicate actual use of HOT lanes. SANDAG seems to have adjusted its value of travel time to get I-15 managed lane use results more in line with what it expected, but the revenue comes out six times higher for 2006-2009 than was actually collected. It is interesting to observe that revenue forecasts for the Route 125 toll road were three times actual receipts, leading the toll road owner to file for bankruptcy. The model also allows for unlimited use of managed lanes, rather than preferential use for HOVs, so the managed lanes de facto perform as mixed flow lanes. Adjusting the value of time should fix this issue too.

- The model uses employment by acre, rather than actual number of employees or workplace square footage in calculations. This seriously limits the ability to analyze higher density employment areas or mixed use areas, and misrepresents employment in
certain zones such as Urban and Town Centers, which in turn implies continuance of single use medium density suburban land uses, contrary to the Urban and Town Center concept.
Regional Housing Needs Assessment

Housing Successes Subregional Examples

- La Mesa – Mixed Use Urban Zone and TODs
- National City – Downtown redevelopment
- City of Poway – Affordable Housing Campaign
- City of Carlsbad – Inclusionary housing
- City of San Diego – Identified multifamily capacity in numerous locations
- County of San Diego – Rural villages with multifamily zoning
La Mesa General Plan

La Mesa Mixed-Use Overlay Zone
TODs in La Mesa

City of La Mesa

Transit Oriented Developments

1. East San Diego Heights
2. La Mesa Village Plaza
3. Government/Coroner
4. Village of La Mesa
5. Paseo
6. Government Office

Existing Developments

- Existing and Planned TOD
- Existing and Planned Transit

Map of La Mesa with various transit and development locations marked.
National City

Poway’s Housing Solutions
Facts about Affordable Housing Residents in Poway:

- 72% have family in Poway
- 49% lived in Poway before moving into their current homes
- The average length of time in their current residence is **4.5 years**
- 92% of working-age and capable individuals are employed
- 50% of those working, work in Poway
- 62% of the population are adults, **38% children**
- Household sizes are typical (3.1 persons per household)

City of Carlsbad
Downtown San Diego
Little Italy

City Heights
Mission Hills

County of San Diego
Regional Housing Needs Assessment

Who’s Involved?

- Board of Directors
- Regional Planning Committee
- Regional Planning Technical Working Group
- Regional Housing Working Group
History of Housing Element Law

- 1965 – General plans required
- 1969 – Housing elements made mandatory
- 1971 – HCD prepared Housing Element Guidelines
- 1977 – Housing Element Guidelines extensively revised to require increased detail
- 1980 – Housing Element Guidelines codified and comprehensive amendments made

More History

- Recognition that multifamily zoning was scarce in many communities
- Recognition that providing for affordable housing was not only a zoning issue but a financial issue
- Over years many changes have been made to housing element law, but the fundamental principles of the law have not changed
SB 375 and Housing Element Law

- Planning for housing and transportation synchronized - RTP and RHNA
- Housing elements due 18 months after RTP adopted
- 8-year housing element cycle
- Consistency with Sustainable Communities Strategy (SCS)

Past Housing Element Cycles

San Diego Region

- 1986 – 1991 (First Cycle)
- 1991 – 1996 (Second Cycle)
- 1999 – 2004 (Third Cycle)
- 2005 – 2010 (Fourth Cycle)
- 2013 – 2020 (Fifth Cycle) (SB 375 and 575)
**RHNA Objectives from Housing Element Law (added in 2004)**

- Increasing supply and mix of housing types, tenure and affordability
- Promoting infill development and socioeconomic equity, protection of environmental and agricultural resources and encouragement of efficient development patterns
- Promoting jobs/housing balance
- Alleviating overconcentration households, i.e. promoting balanced communities

**RCP Housing Chapter**

- **Goal:** Provide a variety of affordable and quality housing choices for people of all income levels...

- **Policy Objective:**
  Increase the supply of and variety of housing choices, especially higher density multifamily housing...
**RCP Housing Chapter**

- **Recommended Actions:**
  - Identify and rezone appropriate sites for entry-level houses, multifamily and mixed use housing, close to public transportation, employment, and other services
  - Identify and develop appropriate underutilized sites for housing, such as older strip commercial centers

**Housing Element**

*Regional Roles and Responsibilities*

- Consultation with HCD to determine the region’s housing needs
- Allocation of regional share by jurisdiction
- Allocation of jurisdiction share by income category
Allocation by Income Category

- Very Low – 23 percent
- Low – 17 percent
- Moderate – 19 percent
- Above moderate – 41 percent

2010 Household Income Limits Family of Four

- **Very Low Income**
  0-50 percent AMI - $39,250
- **Low Income**
  50-80 percent AMI - $62,800
- **Moderate Income**
  80-120 percent AMI - $90,600
- **Above Moderate**
  120 percent and above area median income

AMI = Area Median Income
Housing Element
Local Roles and Responsibilities

- Update housing element every 8 years
- Identify adequate sites to accommodate overall share of the region’s housing needs
- Identify adequate sites at 30 du/ac for lower income housing

Potential Sites for Lower & Moderate Income Housing


2050 Regional Growth Forecast
2010 – 2020 RHNA Planning Period

- 127,000 housing units (11 years)
- Lower income: 40% or 50,800 housing units

Employment and Residential Lands Inventory

- 80 percent of new residential development will be multifamily homes
- 80 percent of new residential development will be located in redevelopment/infill areas
Residential Comparison

Comparison of Residential Product by MPO (Percent Change from 2005-2035)

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<th>SANDAG RTP Land Use</th>
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- Small Lot SF DU (<5,500 sq. ft.)
- Attached DU
- Low Density DU

2050 Regional Growth Forecast

30+ du/ac Housing Capacity

Regional Total: 213,540

- North Coastal: Over 30 du/ac: 4,361
- North Inland: Over 30 du/ac: 10,337
- Unincorporated: Over 30 du/ac: 3,526
- City of San Diego: Over 30 du/ac: 144,663
- East: Over 30 du/ac: 22,281
- South: Over 30 du/ac: 22,358
RHNA Allocation Factors

- Jobs and housing relationship
- Opportunities and constraints to developing housing
  - Lack of sewer/water service capacity
  - Vacant/redevelopment/infill land availability
  - Land protected from development
  - County policies to preserve agricultural land
- Distribution of household growth in RTP and maximizing transportation infrastructure

RHNA Allocation Factors

- Market demand for housing
- Agreements between county and cities to direct growth toward incorporated areas
- Units “at risk” of converting to market rate units
- High housing cost burdens
- Housing needs of farmworkers
- Housing needs generated by CSU or UC campuses
- Other factors adopted by SANDAG
Opportunities

- Smart Growth Concept Map adopted
- 2050 Regional Growth Forecast identifies significant increase in multifamily capacity from local general plan amendments
- Unused residential capacity from last cycle
- Improve links between transportation and land use and make better use of investments in our transit system – SB 375, Urban Area Transit Strategy

RHNA Schedule

- **July 2010** – State determines regional housing needs
- **June – December 2010** – Develop methodology for distributing regional housing need to local jurisdictions
- **February 2011** – Draft RHNA for distribution
- **July 2011** – SANDAG Board adoption of final RHNA
- **January 2013** – Housing Elements due within 18 months of RTP adoption
Regional Housing Needs Allocations

The Regional Housing Needs Allocation Program (RHNA) was established in state law following comprehensive amendments to the State Housing Element Law around 1980.

The history of the housing element and the regional housing needs process goes back to 1971 when the state general plan law passed, including a housing element that consisted of a single sentence.

A housing element shall make adequate provisions for the housing needs of all economic segments of the community. In about 1975, the New Jersey Supreme Court in a case known as Mt. Laurel ruled that large lot zoning by a suburban community that appeared to be designed to keep low income and presumably nonwhite people from being able to live in the community was illegal.

That was interpreted as justification for a conclusion that all economic segments of the community not only were those which a community had already living there but all those who could or would live there in the absence of unlawful discriminatory zoning.

The State Department of Housing and Community Development (HCD) proposed a set of regulations on housing elements that included extensive details on what a housing element had to include (generally following federal requirements for those seeking HUD funds) as well as a regional process and a requirement that each housing element had to achieve its share of the regional housing need. The proposed regulations also included a requirement that each housing element had to be approved by HCD. The content of the housing elements portion and the regional concept were in principle acceptable to the League of California Cities.

The part that was completely unacceptable was the requirement for state approval of the housing element and any language that suggested a city was actually responsible for meeting the housing needs as opposed to simply planning for a way to meet them. As a result of that conceptual agreement, legislation was approved that contained most of the content of the HCD regulations eliminating only the requirement of HCD approval.

The regional housing allocation process was recognized as a new mandate and Councils of Governments (COG) were entitled to reimbursement through the State Mandate process. After two cycles of housing element and regional housing needs allocations several conclusions emerged. One was that with the rise in housing prices in California, even with the smallest lot sizes in the country, there were few cities that could provide housing for all economic segments without considerable financial assistance so that affordable housing became much more of a financial issue than a zoning issue.
At the same time both low income and for-profit developers complained that in many communities it was still difficult to find multifamily zoning which was the only type of development that could meet the needs of low income families. There emerged tensions between the four primary interest groups - the cities, HCD, for-profit housing developers, and the low income housing developers. Numerous efforts to reform the regional housing needs allocation process and housing element were proposed virtually every year in the Legislature. Only a few reforms have been adopted and none of which have changed the fundamental principles of the law.

The funding for the regional housing needs allocation process and for the housing elements was suspended in a budget action of the Legislature in the early 1990s. After it was reinstated there was a decision by the Commission on State Mandates that COGs were not eligible for reimbursement and the Legislature adopted a provision through the Budget deciding that COGs could impose fees on local governments who could then, in turn, pass those fees onto builders. No COG has done so since both the League of Cities and the California Building Industry Association provided legal opinions that such a fee would be invalid.

While the controversy over the regional housing needs allocation and the housing element in general continues there is also a question as to what if anything has it accomplished.

Builders and low income housing advocates argue that even though most affordable housing needs financing, and not just zoning by cities, they believe that the law creates pressure on reluctant communities to zone more land for multifamily purposes. That in turn expands the market beyond what would otherwise be there, keeps land prices down, and creates greater availability.

They continue to complain that in many cities there is no land appropriately zoned even though there are many sites that with the proper zoning they believe could be good locations for their projects. Cities argue equally that while there may not be as many sites as the builders want, there are more sites than there are successful projects. Most projects fail not because of lack of zoning approval but because of lack of financial ability. We would be better served to focus on financing issues and accept the fact that cities have zoned more than enough land to meet the actual demand of builders for projects.

The builders argue that some entity other than individual local governments must set forth a need requirement to create the pressure on local governments. From a CALCOG or regional agency perspective this is a no win situation as cities are also evaluated as to the adequacy of the housing elements. They are also judged generally in relationship to the regional housing needs portion assigned to their jurisdiction.
Accordingly, regardless of whether a city considers itself one that already has done more than its share of providing low, moderate income housing; one that considers itself built out and thus has no place to put it; or one that considers itself so expensive that it is ridiculous to even suggest that it is a relevant issue, all cities benefit by having a low number assigned by the region and no one benefits by having a higher number assigned.

This has led to primary objections to decisions particularly by Association of Bay Area Governments (ABAG) and Southern California Association of Governments (SCAG) which have the largest regions, and where it is much more difficult to negotiate these numbers among jurisdictions.

In fact, since ABAG and SCAG do not directly provide transportation funds their identity in the minds of most local governments consists only of doing the regional housing needs allocation process and contributes to a generally negative image of these organizations, notwithstanding whatever else they may be successful at.

**Prospects for Reform**

Politically any RHNA reform is extremely difficult as it seems that whenever three of the four interest groups come together on a reform proposal the fourth (no matter which it is) seems to block it.

SB 375 and Regional Blueprints and the linkage of funding to local planning that promotes growth, reduces vehicle trips, creates a framework to rethink regional housing need reform. It is certainly possible to structure state grant programs for housing support and possibly new Federal programs that could emerge should housing remerge as a Federal priority or for economic development assistance to communities based upon their actions in providing land and other support for promotion of affordable housing.

In addition, several CALCOG member agencies have already made land use planning and provision of housing a factor in allocation of transportation funds. Some have said that give a community sufficient transportation funds, particularly a transit station, and the zoning for housing and the economic viability of housing will be naturally addressed. This suggests that more financial support for transportation and economic development as well as housing could reduce the negative association with taking on significant responsibility for more affordable housing.

How to take these concepts and put them into a legislative approach, and whether it should it be done at the regional, state or national level, is a conversation that still needs to take place. It does not lend itself to a specific proposal at this time.
Redevelopment, Housing Finance and Regional Housing Needs

The primary financing that cities had at the time RHNA was first proposed were HUD grants and tax increment financing through redevelopment. However, three actions reduced this support:

- In 1978 with the passage of Proposition 13 that limited property taxes and, thereby, the revenues from tax increments,
- In 1980 with the election of President Reagan and a shift to a reduced Federal role and the gradual elimination over the next several years of 75 percent of the housing assistance that cities were receiving annually from HUD, and
- In 1986 a change to multifamily housing finance that eliminated most of the tax benefits available to multifamily housing construction and investment.

As a result there is far less funding for housing for multifamily than there used to be. In recent years the most significant financing has come from two statewide bond measures which provided significant funding for housing. There is also talk of coming up with a set of fees that could provide a permanent funding source for affordable housing at the state level. Redevelopment continues to require that 20 percent of tax increment funds be set aside for affordable housing but the value and amount of that is presently very limited.

If there is another housing bond measure or, even better, if there is a permanent housing funding source proposed, this may provide an opportunity to revisit the regional housing needs allocation process. There also could be opportunities in new Federal financing programs and other incentives that can change the way the regional housing needs allocation process works in California.

On the other hand, getting rid of it, or significantly altering the concept of it, is probably not ever going to be easy because of the strong resistance from both the for-profit and non-profit housing advocacy groups.
This Relates to Agenda Item #4
Board of Directors
July 9, 2010

Building Blocks for Effective Housing Elements
http://www.hcd.ca.gov/hpd/housing_element2/index.php

Welcome to the Department’s newest technical assistance resource to assist local governments in adopting housing elements that effectively address housing needs, the specific requirements of State law and in furtherance of local goals and objectives. The Department is committed to working in partnership with local governments and the public and private sectors in addressing California’s continuing housing crisis.

NEW! For examples of complete housing elements in compliance with housing element law click here.