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MEETING NOTICE AND AGENDA

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REGIONAL PLANNING TECHNICAL WORKING GROUP

The Regional Planning Technical Working Group may take action on any item appearing on this agenda.

Thursday, August 12, 2004

1:15 – 3:15 p.m.

SANDAG, Seventh Floor Conference Room
 401 B Street, Suite 800
 San Diego, CA 92101-4231

Committee Chair: Gail Goldberg, City of San Diego
 (619) 236-6361
 GGoldberg@SanDiego.gov

Staff Contact: Kim Kawada
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REGIONAL PLANNING TECHNICAL WORKING GROUP

Thursday, August 12, 2004

The Regional Planning Technical Working Group may take action on any item appearing on this agenda.

Staff Contact: Kim Kawada, (619) 699-6994; kka@sandag.org

ITEM

ACTION

1. WELCOME (Chair Gail Goldberg, City of San Diego)

PUBLIC COMMENTS AND COMMUNICATIONS

Members of the public will have the opportunity to address the Technical Working Group on any issue within the jurisdiction of the Working Group. Speakers are limited to three minutes each.

CONSENT ITEM (Item 2)

The Technical Working Group will take action on all items on the consent agenda without further discussion and with one vote unless an item is pulled by a Working Group member or by a member of the public for comment.

+ 2. SUMMARY OF JULY 8, 2004 TECHNICAL WORKING GROUP MEETING (pp. 4-8)

APPROVE

REPORTS

+ 3. SANDAG BOARD ACTION ON REGIONAL COMPREHENSIVE PLAN AND CELEBRATION FOR WORKING GROUPS (Gail Goldberg and Bob Leiter) (pp. 9-18)

INFORMATION / APPROVE

On July 23, 2004, the SANDAG Board of Directors unanimously voted to adopt the Regional Comprehensive Plan (RCP) and certify its Program Environmental Impact Report. The Board's vote culminated more than two years of public outreach, policy discussion, meetings, and review that resulted in the development of the first RCP for the San Diego region. Attached are various articles and editorials describing the Board's action. Copies of the Final RCP are available upon request.

The Technical and Stakeholders Working Groups contributed significantly to the preparation of the plan. A celebration of the Working Groups' contributions will be held immediately before the next Technical Working Group meeting on **Thursday, September 9, 2004 from 12:30 – 1:15 p.m.** Cake will be served.

4. STATUS OF REGIONAL PLANNING STAKEHOLDERS WORKING GROUP (Janet Fairbanks)

INFORMATION

The Stakeholders Working Group (SWG) has completed its work associated with the preparation of the RCP. SANDAG is discussing forming a new SWG, focused on RCP implementation. A status report on this topic will be provided.

ITEM #**ACTION****5. STATE HOUSING AND LAND USE REFORM INITIATIVES (Bob Leiter)**

INFORMATION

Sunne Wright-McPeak, Secretary of California's Business, Transportation and Housing Agency, is proposing significant state housing and land use reform focused on smart growth. SANDAG has been participating in the Housing Element Reform Working Group, which is related to this effort. A status report will be provided.

+ 6. REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) (Rebecca Davis) (pp. 19-36)

RECOMMEND

The Regional Housing Needs Working Group (RHNWG), an ad hoc committee made up of members from the Technical Working Group (TWG), Stakeholders Working Group, and Regional Housing Task Force, has been meeting jointly to develop a recommendation on a methodology for the RHNA for the 2005-2010 housing element cycle. At its August 2, 2004 meeting, the RHNWG recommended a RHNA methodology for consideration by the TWG. The TWG should make a recommendation on the RHNA methodology to the Regional Planning Committee.

7. PRIORITIZING THE IMPLEMENTATION OF STRATEGIC INITIATIVES INCLUDED IN THE REGIONAL COMPREHENSIVE PLAN (Bob Leiter)

DISCUSSION

At its last meeting, the Technical Working Group initiated a discussion on prioritizing the Strategic Initiatives for FY 2005 included in the Regional Comprehensive Plan (RCP). Staff will report on the priority initiatives identified for the first half of this fiscal year. Given local agency budgets, resources, and work programs, the Working Group is requested to provide additional input on the FY 2005 Strategic Initiatives. This item is scheduled to be discussed with the Regional Planning Committee on September 3, 2004.

8. ADJOURNMENT AND UPCOMING MEETINGS

INFORMATION

The next regularly-scheduled meeting will be held on Thursday, September 9, 2004 from 1:15 – 3:15 p.m.

+ next to an agenda item indicates an attachment

August 12, 2004

TO: Regional Planning Technical Working Group (RPTWG)
FROM: Carolina Gregor, SANDAG Staff
SUBJECT: Summary of the July 8, 2004 RPTWG Meeting
ACTION: APPROVE

AGENDA ITEM #1: WELCOME

Gail Goldberg, City of San Diego, chaired the meeting. Self-introductions were made.

Ms. Goldberg made a motion to add a status report about the July 2, 2004 Regional Planning Committee (RPC) meeting to the agenda. The motion was seconded and passed.

PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

CONSENT ITEM (Item 2)

AGENDA ITEM #2: SUMMARY OF JUNE 25, 2004 JOINT MEETING OF THE REGIONAL PLANNING COMMITTEE, THE TECHNICAL WORKING GROUP, AND THE STAKEHOLDERS WORKING GROUP (INFORMATION)

A motion and second were made to approve Item #2. The motion passed unanimously.

REPORTS

ADDED AGENDA ITEM: STATUS REPORT ON JULY 2, 2004 REGIONAL PLANNING COMMITTEE MEETING (INFORMATION)

Staff summarized the various concerns raised by the County of San Diego regarding the draft RCP and draft EIR, and SANDAG's responses. SANDAG staff developed a draft letter responding to the County's concerns as well as a matrix containing detailed responses. The County's primary concerns were with items 7, 8, and 9 in the matrix:

- Item 7 dealt with the wording of the transportation evaluation criteria in the RCP: whether the words "highest priority" should be used when describing the priority given to areas that implement smart growth principles. At its July 2 meeting, the RPC decided to use "higher priority."
- Item 8 concerned the "Rural Village Core" category in the smart growth classification matrix. The matrix was modified and renamed to "Rural Community" to more closely reflect the

community development concept being pursued as part of the County General Plan 2020 update.

- Item 9 dealt with the existing transportation evaluation criteria. Changes were made in the RCP to clarify that regional transportation investments should consider important transportation needs (e.g., congestion relief, safety, connectivity, etc.) in addition to smart growth. SANDAG's current transportation evaluation criteria would be used as a starting point for developing updated criteria to align transportation priorities and smart growth.

Staff noted that the RPC unanimously agreed to forward RCP to the SANDAG Board of Directors for approval at its regularly scheduled July 23, 2004 meeting.

Comments from RPTWG members included:

- The category of "Rural Community" should not be limited to the unincorporated areas. Any area with same community development concepts, such as a village development with a rural buffer could potentially qualify as a "Rural Community."
- The recommended actions and Strategic Initiatives in the RCP were ambitious and may not be able to be accomplished given budget, staffing, and other constraints. County staff recommended prioritizing the various RCP initiatives based on available resources.

AGENDA ITEM #3: REGIONAL HOUSING NEEDS ASSESSMENT/ HOUSING ELEMENT (DISCUSSION)

The purpose of this report was to update the RPTWG about the Regional Housing Needs Assessment (RHNA) process and schedule. The discussion focused on whether there should be an extension of the due date for the RHNA numbers and housing elements. Staff also discussed the RHNA allocation principles and methodologies. Time did not allow for the discussion of the self-certification or AB 2348 issues; these issues will be discussed at a future meeting.

RHNA Schedule and Housing Element Due Date

Based on State law, the current due date for local housing elements is June 30, 2005. The RHNA process was to be done by June 30, 2004, but it has not yet been completed. The RHNA process was delayed in order to reach agreement on and work toward the adoption of the RCP. It was important to get agreement on the RCP, as many of the principles which guide the RHNA process are taken from the RCP.

In addition to the information presented in the staff report, several other issues related to the RHNA schedule were discussed:

- The RHNA numbers are only a small component of the housing element, and local jurisdictions can be working on many other components of their housing elements before the RHNA numbers are finalized.
- AB 2158 proposes language that would allow for the Regional Transportation Plan (RTP) and RHNA process to be tied together, thus providing the potential for an extension of the housing element due dates by another year. This process has not been passed into law, however, and we would have to petition HCD for such an extension.

- Reforms proposed by Secretary of Business, Transportation and Housing, Sunne Wright-McPeak, were discussed. These reforms would change the housing element from a five-year cycle to a ten-year cycle and require local jurisdictions to demonstrate a 20-year supply of land for housing (instead of the current five-year supply).

Comments from RPTWG members included:

- Even if we attempt a one-year extension of the housing element due date now, passage of any of the reforms proposed by Secretary Wright-McPeak would subject us to an entirely new set of laws.
- We have already been granted a one-year extension on the housing element, and we do not want to be accused of stalling. We should keep in mind that legislation is always changing and being discussed. The focus should be on deciding the way we want to move forward. We can wait for the new legislation, and adhere to that, or we can move ahead using the old legislation while incorporating our new policies and principles. It would be a better approach to forge ahead and focus on meeting the requirements of the existing laws for this housing element cycle.
- Because multi-family housing needs to be placed in strategic locations close to public transportation, employment, and services for smart growth to work, there is an undeniable link between housing, land use, and transportation. It may be appropriate to connect the RTP with the RHNA process.
- Many questioned what would happen if we moved forward under the present law and the new reform went through in the middle of our process. They wanted to make sure no one would be forced to start the housing element process over again.
- Members seemed to agree that this was a long and difficult process, and that with or without an extension, we should not delay in continuing our work on the RHNA numbers and our housing elements. SANDAG staff reiterated that the RHNA numbers are only one portion of the housing element and that a lot of work can be done on the housing elements prior to getting those numbers. Most jurisdictions should be able to use the draft numbers as they prepare their housing elements.
- It would be wise to link regional and local plans as proposed with the new legislation. However, we should continue working on the housing element at the same pace, and consider the effects of any new legislation as part of the next housing element cycle.

RHNA Allocation and Methodologies Principles

The Regional Housing Needs Working Group (RHNWG), which consists of members of the RPTWG, the Regional Planning Stakeholders Working Group, and the Regional Housing Task Force (RHTF), reached agreement on using the 107,000 unit number provided as the minimum acceptable housing need by HCD. The 107,000 units now need to be allocated by jurisdiction and income category. Alternative allocation methodologies have been presented and discussed by the RHNWG. This group will start meeting again to formulate a recommendation for the RPTWG and RHTF.

Comments from RPTWG members included:

- The allocation numbers are a tough issue, as many jurisdictions are already built-out and will have trouble finding sites for more housing units. It will be a difficult process for everyone, and all jurisdictions should expect to have to accommodate their fair share of multifamily housing units to meet the region's housing needs.
- There was some discussion regarding the incentives that could be provided to areas that plan for more affordable units. It also was suggested that jurisdictions that agree to take more than their "fair share" of affordable units be granted incentives, because that would be lessening the burden on other jurisdictions.
- Many members expressed the need for "realistic" numbers. Several expressed concerns that numbers being proposed by HCD are too high and put undue pressure on those trying to move forward with smart growth. Some local land use plans also will have to be changed in order to accept these new housing units and growth. All jurisdictions will have to change and stretch themselves to a certain extent.

Gail Goldberg, City of San Diego, asked for more staff analysis as well as for an opportunity to discuss the allocation methodology further. It was suggested that members of the RPTWG attend the upcoming RHNWG meetings to help reach consensus. The next meeting is scheduled for July 19, 2004 from 1:15 to 3:15 p.m.

AGENDA ITEM #4: STAUS REPORT ON THE REGIONAL ENERGY PROGRAM (INFORMATION)

Staff reported that the SANDAG Board of Directors approved the formation of the Energy Working Group (EWG) in December 2003. The EWG reports and makes recommendations to the Regional Planning Committee (RPC). The EWG deals mainly with issues of near-term resource needs, in-county generation needs, energy efficiency funds, cost shifts, and long-term energy contracts (which affect rate payers). The EWG group meets on the fourth Thursday of each month. Occasionally, an expert is invited to the meeting to discuss key energy-related issues.

Many of the issues that the EWG deals with are highly controversial, and require some background and understanding of the issues. A retreat was held on June 4, 2004 in order to educate EWG members on certain issues as well as to allow them a chance to discuss how to manage the group activities. Following the retreat, four subcommittees were formed, which are outlined in Attachment 1 of the agenda report. These four subcommittees include: Public Policy, Resource Planning – Demand Side, Resource Planning – Supply Side, and Funding. In addition, it was determined that City of Del Mar Councilmember Henry Abarbanel and City of La Mesa Mayor Art Madrid would co-chair the EWG. Councilmember Abarbanel also will be the EWG liaison attending the regular RPC meetings.

AGENDA ITEM #5: PRIORITIZING THE IMPLEMENTATION OF STRATEGIC INITIATIVES INCLUDED IN THE REGIONAL COMPREHENSIVE PLAN. (DISCUSSION)

Bob Leiter, SANDAG staff, summarized the new organization of the Land Use and Transportation Planning Department. (An organizational chart and staff phone list were handed out.) Mr. Leiter briefly explained the new organization and discussed some of SANDAG's key priorities in FY 2005 related to

implementation of the RCP. These include the RHNA process, working on a smart growth area concept map, revising SANDAG's transportation evaluation criteria to incorporate smart growth principles from the RCP, and other initiatives such as subregional planning. Mr. Leiter noted that resources have been allocated in SANDAG's FY 2005 Overall Work Program (OWP) to begin work with a number of local jurisdictions on corridor and subarea transportation and land use plans. Kim Kawada, SANDAG, summarized the OWP resources available for these subregional planning efforts. She asked the RPTWG for input about potential areas and/or topics of interest in their local jurisdictions.

Comments from RPTWG members included:

- These studies have been done before; in the past they have been mainly related to transportation.
- Local jurisdictions' participation in these joint planning efforts will vary and will depend on what level of commitment is needed. A member asked staff to summarize the typical level of involvement needed from the local jurisdiction.

AGENDA ITEM #6: ADJOURNMENT AND UPCOMING MEETINGS (APPROVE)

Staff encouraged all RPTWG to attend the July 19, 2004 meeting of the RHNWG to discuss the RHNA methodologies.

The next meeting of the RPTWG will be held on either August 12, 2004 or August 19, 2004.

August 12, 2004

TO: Regional Planning Technical Working Group
FROM: Rebecca Davis, SANDAG Staff
SUBJECT: Regional Housing Needs Assessment
ACTION: RECOMMEND TO REGIONAL PLANNING COMMITTEE

Introduction

The Regional Housing Needs Working Group (RHNWG), an ad hoc committee made up of members of the Regional Planning Technical Working Group (RPTWG), Regional Housing Task Force (RHTF), and Regional Planning Stakeholders Working Group (RPSWG), has been meeting to discuss the Regional Housing Needs Assessment (RHNA) for the 2005-2010 housing element cycle. SANDAG has worked with the RHNWG on RHNA issues over the past two years; this report summarizes the outcomes of the most recent discussions held in July and August 2004.

The purpose of this agenda item is to provide the RPTWG with information on the RHNA process and the RHNWG recommendations, and to obtain a recommendation on the RHNA, which would be presented to the Regional Planning Committee on September 3, 2004. The Regional Planning Committee would then forward its recommendation to the SANDAG Board of Directors.

Recommendation

At its August 2, 2004 meeting, the RHNWG made recommendations for consideration by the RPTWG and the RHTF on the RHNA. The RPTWG is asked to make a recommendation to the Regional Planning Committee. The RHNWG made the following recommendation regarding the RHNA for 2005-2010:

1. The region's housing need (regional share) for the time period January 1, 2003 – June 30, 2010 should be 107,000 units;
2. Methodology C ("Forecast with 2000 – 2010 Employment Allocation Factor") should be used to allocate the regional share of 107,000 units by jurisdiction;
3. Alternative 3 should be used to allocate the regional share by income category; and
4. It should be acknowledged that action on the RHNA by the SANDAG Board is based on existing state law, which requires that jurisdictions identify adequate sites in their housing elements. SANDAG will consider revising the RHNA numbers if state law were changed to require housing production to be based on RHNA numbers and/or to attach incentives or penalties to production in relation to these numbers.

Discussion

Regional Housing Needs Assessment Background and Schedule

State law requires periodic updates by local jurisdictions of their housing elements. The next housing element cycle covers the 2005-2010 timeframe; state law requires completion of the housing element updates by June 30, 2005. SANDAG is responsible for a key housing element related task – the Regional Housing Needs Assessment (RHNA). The RHNA process includes three steps:

1. Consultation with the California Department of Housing and Community Development (HCD) to determine the San Diego region's share of the state's housing need (regional share);
2. Allocating the regional share number by jurisdiction; and
3. Allocating each jurisdiction's regional share number by income category.

State housing element law requires completion of the RHNA process by June 30, 2004, and completion of local housing element updates by June 30, 2005. This deadline reflects the one-year extension that local jurisdictions in the San Diego region (and the rest of the state) received with the passage of SB 491 (Ducheny) in July 2003.

Because of issues related to the completion and adoption of the Regional Comprehensive Plan (RCP), SANDAG was not able to meet the June 30, 2004 deadline. The current schedule (Attachment 1) shows the SANDAG Board accepting the draft RHNA numbers for distribution on September 24, 2004, with adoption in January 2005 (following a 90-day public review period and assuming no appeals are filed).

At its July 8 meeting, the RPTWG agreed that local jurisdictions should work toward completion of their housing elements by the June 30, 2005 deadline. Most jurisdictions are already working on their housing elements or are in the process of contracting with a consultant to do the work. The draft RHNA numbers will be available for use in the housing element updates by the end of September. In addition, the Regional Housing Needs Statement with updated population, housing and employment information and potential housing programs will be available in draft form in mid-September. SANDAG also can provide jurisdictions with updated census information on request.

RHNA Process

Determining the Region's Share of the State's Housing Need

In mid-September 2003, HCD provided SANDAG with a minimum regional housing need determination for the 2003-2010 timeframe (7.5 years) of between 107,000 and 111,000 units. These alternatives were based on updated U.S. Census and California Department of Finance (DOF) data, and represent the amount of housing that the region would need to plan for (or show it has the capacity for) during the housing element time frame. SANDAG's growth forecast for the same time frame projects the construction of approximately 89,000 units. HCD's number is the amount of housing the region should plan for during the housing element period to achieve healthier vacancy

rates (about 4 percent). SANDAG's forecast is an estimate of the number of housing units we think will actually be built between January 1, 2003 and June 30, 2010, and assumes continued low vacancy rates (about 2.4 percent based on the 2000 Census). **The RHNWG recommends using HCD's 107,000 housing need number for the upcoming housing element cycle.** This number is consistent with the goals and policy objectives in RCP, which calls for the region to provide additional housing capacity to help address a number of quality of life issues facing the region.

Allocation by Jurisdiction and Income Category

In addition to working with HCD to determine the overall regional housing need number, SANDAG is responsible for distributing this need by jurisdiction. This number represents the amount of housing that a jurisdiction would need to plan for (or show it has capacity for) in its housing element.

This number also must be allocated by four income categories – very low, low, moderate, and above moderate – which jurisdictions need to plan for in their housing elements. For housing element purposes, density is typically used as a surrogate for income levels. For example, to show that it has capacity for very low and low income housing, a jurisdiction typically needs to demonstrate that it has an adequate amount of higher density (e.g., 15–30 dwelling units/acre) multifamily-zoned land, or can otherwise accommodate the number of dwelling units in each category. The proposed principles and guidelines were used to allocate the region's housing need by jurisdiction and income category are included in Attachment 2.

The RHNWG has reviewed numerous alternative methodologies for allocating the regional housing need by jurisdiction. Attachment 3, Table A, shows the alternatives reviewed by the Working Group at its last three meetings. These methodologies can be grouped into two main categories. The first category includes alternatives that are based on the methodology used by the Association of Bay Area Governments (ABAG) (Attachment 3, Table A, Columns 3-5). During its most recent RHNA process, ABAG adopted an allocation methodology that was based on the average of each local jurisdiction's share of employment and residential growth – resulting in a 50/50 weighting of these two factors. This methodology ties the generation of employment to the location of and planning for housing. Staff looked at several modifications to this basic idea including using different employment and housing weightings.

The second category (Attachment 3, Table A, Columns 6-9) includes methodologies that use SANDAG's forecast first to allocate the 88,922 units forecasted for the 2003-2010 time period, and then use an employment factor to allocate the remaining 18,078 units that must be planned for to meet the 107,000 total regional housing need. Under this approach, about 83 percent of housing need is allocated on the basis of residential growth, and 17 percent is allocated based on employment growth.

In addition to allocating the regional housing need by jurisdiction, SANDAG is required to allocate each jurisdiction's RHNA number by four income categories: very low, low Income, moderate, and above moderate Income. In the San Diego region, 40 percent of the total regional housing need must be allocated to the very low and low income categories. As required by State law, the allocation must seek to reduce the concentration of lower income households in jurisdictions that have a higher share of lower income households than the region.

The RHNWG considered three alternatives for allocating the regional share numbers by income category. Each alternative seeks to reduce the concentration of lower income households, but by varying degrees. Attachment 3, Table B, describes the three alternatives. For the 1999–2004 housing element cycle, the SANDAG Board approved Alternative 3 as the most equitable way to try to reduce the concentration of lower income households. This alternative resulted in jurisdictions with low percentages of lower income households needing to plan for a higher amount of lower income housing, and those jurisdictions with high percentages of lower income households needing to plan for a lower percentage of lower income housing.

RHNWG Recommendation on Allocation by Jurisdiction and Income Category

On August 2, the RHNWG voted to recommend the use of “Methodology C” and “Alternative 3” to allocate the regional housing need by jurisdiction and income category. Detailed results of the votes that were taken are shown in Attachment 4. Methodology C uses the SANDAG forecast to allocate the 88,298 units forecasted for the 2003-2010 time period, and allocates the remainder based on each jurisdiction’s projected share of the region’s 2000-2010 employment growth. Alternative 3 is derived by adding to or subtracting from the regional percentage the difference between a jurisdiction’s existing share of lower income households and the regional percentage. For example, if 30 percent of a jurisdiction’s households are lower income, then their lower income allocation would be 50 percent ($40 - 30 + 40 = 50$.)

Table 1 below shows the recommended allocation methodologies applied to the recommended 107,000 regional housing need. Using these methodologies is consistent with and furthers the goals and objectives of the RCP (described in Attachment 2). However, in accordance with the RCP policy objective to locate higher density housing in appropriate locations close to public transportation, employment, and other services, the City of San Diego and the County of San Diego have been discussing a possible transfer of a portion of the County’s lower income housing allocation to the City of San Diego. This transfer is not reflected in the figures in Table 1, because discussions are continuing and will be reported on at the August 12 Working Group meeting.

Table 1
Regional Share Allocation using Methodology C and Alternative 3

Jurisdiction	Regional Share-Methodology C	Regional Share Allocation by Income Category-Alternative 3			
		Very Low	Low	Moderate	Above Moderate
Carlsbad	8,413	2,521	1,826	1,586	2,480
Chula Vista	17,300	3,764	2,618	3,262	7,656
Coronado	64	20	14	12	18
Del Mar	26	7	7	5	7
El Cajon	623	87	76	117	342
Encinitas	1,719	506	375	324	514
Escondido	2,446	489	361	461	1,134
Imperial Beach	89	14	10	17	49
La Mesa	397	79	56	75	186
Lemon Grove	243	46	32	46	119
National City	320	19	39	60	203
Oceanside	6,450	1,466	1,048	1,216	2,719
Poway	1,248	422	289	235	302
San Diego	45,941	9,253	7,883	8,663	20,142
San Marcos	6,282	1,447	971	1,185	2,679
Santee	616	171	117	116	212
Solana Beach	132	38	30	25	39
Vista	2,278	514	307	430	1,027
Unincorporated Area	12,412	3,237	2,270	2,341	4,563
San Diego Region	107,000	24,101	18,329	20,178	44,392

Issues with Recommended Regional Housing Need Number and Methodology

Based on the discussions at the last three RHNWG meetings, it is important to note that RHNWG members were not in complete agreement on the methodologies used to allocate the regional housing need number by jurisdiction and income category. Issues raised by individual members are discussed below. Attachment 5 includes letters from the County of San Diego and City of Chula Vista on the RHNA process.

Allocation by Jurisdiction

Some members of the RHNWG preferred alternatives that put a greater emphasis on projected employment growth. These members argued that a greater emphasis on projected employment growth would promote a better jobs/housing balance by requiring those jurisdictions that are planning for job growth to plan for a proportionate amount of housing growth. However, jurisdictions which are major employment generators for the region believed that the concept of jobs/housing balance should be more subregional in nature, and not be based on jurisdictional boundaries. Additionally, it was argued that methodologies that put a greater focus on projected

employment growth do not take into account the fact that some jurisdictions may already have a high proportion of housing in relation to employment, and are planning for future employment growth to “catch up.”

Other members argued that the allocation should be closer to SANDAG’s housing forecast, as this forecast was adopted by the SANDAG Board of Directors and is used for planning purposes. A counter argument noted that the forecast relies too heavily upon a jurisdiction’s existing plans and policies. Therefore, jurisdictions not planning to accommodate future residential growth would receive a lower allocation, despite the fact that they may be planning for future employment growth. Many members see the RHNA process as a method of ensuring that jurisdictions are planning for a better jobs/housing balance, consistent with the goals and objectives of the RCP.

Allocation by Income Category

While the majority of the RHNWG members selected Alternative 3 as the preferred income allocation methodology, several jurisdictions with existing low percentages of lower income households voted for Alternative 1. Issues were raised regarding the appropriateness of requiring high cost jurisdictions to plan for larger amounts of lower income housing, when in reality the development of this type of housing is limited to the amount of subsidies available, and will not likely result in the construction of lower income housing. Additionally, some jurisdictions were concerned that the RHNA goals, especially the lower income RHNA goals, might eventually be changed from planning requirements to housing production requirements.

Other members argued, however, that without higher density multifamily zoned land, affordable housing development is nearly impossible, and that all jurisdictions should be providing opportunities for its development. Additionally, state law requires that the allocation work toward reducing the existing concentration of lower income households.

To address the concerns regarding the potential use of RHNA as housing production goals, rather than planning goals, it was the consensus of the RHNWG that the action by the SANDAG Board should acknowledge that the RNHA numbers are based on existing state law, which requires that local jurisdictions identify adequate sites in their housing elements. SANDAG will consider revising the RHNA numbers if state law were changed to require housing production to be based on RHNA numbers and/or to attach incentives or penalties to production in relation to these numbers.

Attachments:

1. Regional Housing Needs Assessment (RHNA) Schedule
2. Regional Housing Needs Allocation Principles/Guidelines
3. Comparison of RHNA Methodologies Considered by the RHNWG (7/19/04–8/2/04)
4. RHNWG Vote on RHNA Allocation Methodologies
5. Letters from County of San Diego and City of Chula Vista

REGIONAL HOUSING NEEDS ASSESSMENT SCHEDULE

August 12, 2004 – Regional Planning Technical Working Group (RPTWG) makes recommendation on Regional Housing Needs Assessment (RHNA)

August 26, 2004 – Regional Housing Task Force makes recommendation on RHNA

September 3, 2004 – Regional Planning Committee makes recommendation on RHNA

September 24, 2004 – SANDAG Board accepts RHNA for distribution

January 2005 – SANDAG Board adopts final RHNA

REGIONAL HOUSING NEED ALLOCATION PRINCIPLES/GUIDELINES

The following principles and guidelines should be taken into account when allocating the region's housing needs by jurisdiction and income category.

State Housing Element Law

1. Allocation should take into account:
 - a. Market demand for housing
 - b. Employment opportunities
 - c. Availability of suitable sites and public facilities
 - d. Commuting patterns
 - e. Type and tenure of housing need
 - f. Loss of units in assisted developments
 - g. Farmworker housing need

Note: The majority of these factors were included in the development of the 2030 Cities/County Forecast.

2. The distribution shall seek to reduce the concentration of lower income households in cities or counties which already have disproportionately high proportions of lower income households.

Attorney General's Opinion

A council of governments must consider the availability of suitable housing sites based not only upon the existing zoning ordinances and land use restrictions of the locality but also based upon the potential for increased residential development under alternative zoning ordinances and land use restrictions when determining a locality's share of the regional housing needs.

Regional Comprehensive Plan (RCP) Goals and Policy Objectives

1. Focus future population and job growth away from rural areas and closer to existing and planned job centers and public facilities. (Urban Form chapter)
2. Integrate the development of land use with that of transportation, recognizing the interdependence of these two activities. (Urban Form chapter)
3. Provide a variety of affordable and quality housing choices for people of all income levels and abilities throughout the region. (Housing chapter)
4. Integrate housing with jobs, transit, schools, recreation, and services, creating more livable neighborhoods and diverse mixed use communities. (Housing chapter)
5. Provide an adequate supply of housing for our region's workforce to minimize interregional and long distance commuting. (Housing chapter)
6. Achieve a better mix of, and accessibility to, jobs and housing throughout our international and interregional borders, and with the tribal governments. (Borders chapter)
7. Encourage better job accessibility in housing-rich areas and housing accessibility in jobs-rich areas in our greater binational and interregional area. (Borders chapter)

**COMPARISON OF REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) METHODOLOGIES
CONSIDERED BY THE REGIONAL HOUSING NEEDS WORKING GROUP (7/19/04 – 8/2/04)**

Allocation by Jurisdiction (Table A)

Table A shows the methodologies to allocate the regional housing need by jurisdiction that were considered by the Regional Housing Needs Working Group (RHNWG) at the three meetings that were held between July 19, 2004 and August 2, 2004. While the RHNWG reviewed several additional methodologies over the past two years of meetings, the methodologies summarized in Table A represented those with the greatest potential for consensus.

- **Column 1** shows the 2003–2010 housing forecast based on SANDAG’s Final 2030 Cities/County Forecast.
- **Column 2** shows the SANDAG forecast adjusted up to match the 107,000 estimated regional housing need.

Columns 3–5 show variations of a methodology used by the Association of Bay Area Governments (ABAG). The ABAG methodology is based upon each jurisdiction’s share of regional household and employment growth. The various methodologies combine each jurisdiction’s proportional share of regional household and employment growth to calculate housing need during the housing element time frame.

- **Column 3 (50 Employment/ 50 Housing)** shows the methodology used by ABAG in their last housing element cycle. This methodology gives equal weight to household growth and employment growth.
- **Column 4 (50 Employment/ 50 Housing, no allocation lower than the 2003–2010 Forecast)** is built upon the 50 Employment/ 50 Housing methodology (Column 3), but with adjustments to ensure that no jurisdiction receives an allocation that is lower than SANDAG’s 2003–2010 housing forecast (Column 1).
- **Column 5 (25 Employment/ 75 Housing)** is a variation of the ABAG methodology, which gives less weight to employment change. The weight used in this allocation is 25 percent employment and 75 percent housing.

Columns 6–9 show variations of a methodology that uses the SANDAG forecast first to allocate the 88,922 units forecasted for the housing element time frame, and then uses an employment factor to allocate the remaining 18,078 units that must be planned to meet the 107,000 regional housing need.

- **Column 6 (2000–2010 Employment Allocation Factor)** is a methodology that uses the SANDAG forecast to allocate the first 88,922 units forecasted for the 2003–2010 period, and then allocates the remainder based upon each jurisdiction’s projected share of the region’s growth in employment between 2000 and 2010. **This methodology was recommended by the RHNWG at its August 2, 2004 meeting.**
- **Column 7(2000–2010 Employment Allocation Factor, Unincorporated held at 2003–2010 Forecast)** is based on the same methodology shown in Column 6, except that the Unincorporated Area is held at the SANDAG forecast allocation of 10,790 units. The Unincorporated Area difference (1,622 units) between the 12,412 units in Column 6 and the SANDAG 2003-2010 forecast of 10,790 units in Column 1 is allocated proportionately to the 18 cities. This methodology demonstrates a potential way of implementing the RCP policy objective of directing growth away from rural areas.
- **Column 8 (2010 Employment Allocation Factor)** is based on the same methodology shown in Column 6, except that the allocation of the remainder of 18,078 units is based upon each jurisdiction’s projected share of the region’s total employment in the year 2010.
- **Column 9 (2010 Employment Allocation Factor, Unincorporated held at 2003–2010 Forecast)** is the same as the methodology in Column 8, except that the Unincorporated Area is held at the SANDAG forecast

allocation of 10,790 units. The Unincorporated Area difference (1,497 units) between the 12,287 units in Column 9 and the SANDAG 2003-2010 forecast of 10,790 units in Column 1 is allocated proportionately to the 18 cities. Like Column 7, this methodology demonstrates a potential way of implementing the RCP policy objective of directing growth away from rural areas.

Allocation by Income Level (Table B)

The RHNWG reviewed three alternatives to allocate the regional housing need by income level. Each of these alternatives, summarized in Table B, seeks to reduce the concentration of lower income households, but by varying degrees.

- **Column 1** shows the percentage of lower income households (i.e., households making 80 percent or less of Area Median Income, adjusted for household size) in each jurisdiction in 1999. This information, taken from the 2000 Census, is the most recent income data available.

Columns 2–4 show the three income allocation alternatives for the Allocation by Jurisdiction methodology recommended by the RHNWG (Table A, Column 6).

- **Column 2** shows Alternative 1, which applies the regional percentages for very low (23 percent), low (17 percent), moderate (19 percent), and above moderate (41 percent) income households to each jurisdiction's total regional share number.
- **Column 3** shows Alternative 2, which is the midpoint between Alternative 1 and Alternative 2.
- **Column 4** shows Alternative 3, which is derived by adding to or subtracting from the regional percentage the difference between a jurisdiction's existing share of lower income households and the regional share. For example, if 30 percent of a jurisdiction's households are lower income, then their lower income allocation would be 50 percent ($40 - 30 + 40 = 50$.) This alternative was adopted by the SANDAG Board of Directors for the 1999-2004 regional share income allocation. **This alternative was recommended by the RHNWG at its August 2, 2004 meeting for use in the 2005–2010 regional share allocation.**
- **Column 5** shows the Allocation by Jurisdiction methodology recommended by the RHNWG (from Table A, Column 6) ("Methodology C").

Columns 6–8 apply the Income Allocation Alternatives 1–3 to the Allocation by Jurisdiction methodology recommended by the RHNWG.

Table A
Comparison of RHNA Allocation by Jurisdiction Methodologies considered by RHNWG (7/19/04 – 8/2/04)

Jurisdiction	2003 - 2010 Forecast		Variations of methodologies used by the Association of Bay Area Governments (ABAG)			Variations of Methodologies that use SANDAG's forecast to allocate 88,922 units, then allocate remaining 18,078 units (107,000 - 88,922) using an employment factor			
	1	2	3	4	5	6	7	8	9
	2003 - 2010 Forecast	2003 - 2010 Forecast adjusted up to 107,000 Regional Housing Need	50 Employment/50 Housing	50 Employment/50 Housing, no allocation lower than 2003 - 2010 forecast (Column 1)	25 Employment/75 Housing	2000 - 2010 Employment Allocation Factor*	2000 - 2010 Employment Allocation Factor, Unincorporated Area held at 2003 - 2010 Forecast (Column 1)	2010 Employment Allocation Factor	2010 Employment Allocation Factor, Unincorporated Area held at 2003 - 2010 Forecast (Column 1)
Carlsbad	7,591	9,135	7,326	7,591	8,558	8,413	8,494	8,312	8,377
Chula Vista	16,537	19,899	11,592	16,537	15,128	17,300	17,376	17,289	17,357
Coronado	42	51	96	87	78	64	67	197	211
Del Mar	14	17	45	41	31	26	28	64	68
El Cajon	443	533	779	706	637	623	641	981	1,029
Encinitas	1,490	1,793	1,697	1,537	1,868	1,719	1,741	1,817	1,847
Escondido	2,038	2,452	2,451	2,220	2,468	2,446	2,486	2,704	2,764
Imperial Beach	30	36	200	181	127	89	95	83	88
La Mesa	323	389	377	341	347	397	404	650	679
Lemon Grove	201	242	222	201	211	243	247	313	323
National City	267	321	288	261	272	320	326	541	566
Oceanside	5,830	7,015	5,337	5,830	6,172	6,450	6,511	6,390	6,440
Poway	669	805	2,123	1,923	1,471	1,248	1,305	1,001	1,031
San Diego	34,824	41,904	54,270	49,168	48,505	45,941	47,037	45,273	46,216
San Marcos	5,823	7,007	4,914	5,823	6,012	6,282	6,328	6,250	6,289
Santee	450	541	729	661	600	616	633	668	688
Solana Beach	44	53	290	263	175	132	141	165	175
Vista	1,515	1,824	3,133	2,839	2,444	2,278	2,353	2,017	2,062
Unincorporated Area	10,790	12,983	11,131	10,790	11,896	12,412	10,790	12,287	10,790
San Diego Region	88,922	107,000	107,000	107,000	107,000	107,000	107,000	107,000	107,000

*Methodology recommended by the RHNWG

Table B
Comparison of Income Allocation Alternatives, as Applied to the Allocation by Jurisdiction
Methodology Recommended by the RHNWG (“Methodology C”)

Jurisdiction	1	2	3	4	5	6	7	8
	1999 Very Low and Low Income Households	Very Low and Low Income Allocation			Regional Share	Methodology C Very Low and Low Income Allocation		
		Alt 1	Alt 2	Alt 3		Alt 1	Alt 2*	Alt 3*
Carlsbad	27%	40%	46%	53%	8,413	3,336	3,847	4,348
Chula Vista	42%	40%	39%	38%	17,300	6,860	6,620	6,385
Coronado	25%	40%	47%	54%	64	26	30	34
Del Mar	25%	40%	47%	54%	26	10	12	14
El Cajon	53%	40%	33%	27%	623	247	205	163
Encinitas	27%	40%	46%	52%	1,719	682	782	881
Escondido	44%	40%	38%	35%	2,446	970	910	851
Imperial Beach	52%	40%	33%	27%	89	35	29	23
La Mesa	44%	40%	37%	35%	397	157	146	136
Lemon Grove	47%	40%	36%	33%	243	96	87	77
National City	61%	40%	29%	18%	320	127	92	57
Oceanside	40%	40%	40%	40%	6,450	2,558	2,536	2,515
Poway	21%	40%	49%	58%	1,248	495	604	711
San Diego	41%	40%	39%	38%	45,941	18,218	17,667	17,127
San Marcos	40%	40%	39%	39%	6,282	2,491	2,455	2,420
Santee	32%	40%	44%	48%	616	244	267	289
Solana Beach	27%	40%	46%	52%	132	52	60	68
Vista	42%	40%	38%	37%	2,278	903	862	822
Unincorporated Area	34%	40%	42%	45%	12,412	4,922	5,219	5,510
San Diego Region	40%	40%	40%	40%	107,000	42,430	42,430	42,430

*Note: These totals were adjusted slightly to ensure that the regional lower income share equaled 40 percent.

The RHNWG recommended Alternative 3 (Columns 4 and 8).

REGIONAL HOUSING NEEDS WORKING GROUP VOTE ON ALLOCATION METHODOLOGIES

At its August 2, 2004 meeting, the Regional Housing Needs Working Group (RHNWG) voted on the methodology for allocating the regional housing need by jurisdiction and the methodology for allocating the regional housing need by income category. The following tables show the alternatives that the Working Group voted on, and the results of the votes.

Table A shows the two methodologies to allocate the regional housing need by jurisdiction that were voted upon by the RHNWG: The 25 Employment/ 75 Housing ABAG methodology (Attachment 3, Table A, Column 5), or "Methodology A," and the 2000-2010 Employment Allocation Factor methodology (Attachment 3, Table A, Column 6), or "Methodology C."

Table A
Methodologies to Allocate the Regional Housing Need by Jurisdiction

Jurisdiction	Methodologies	
	A 25 employment/ 75 housing ABAG	C SANDAG Forecast, remainder allocated using 2000-2010 Employment Allocation Factor
Carlsbad	8,558	8,413
Chula Vista	15,128	17,300
Coronado	78	64
Del Mar	31	26
El Cajon	637	623
Encinitas	1,868	1,719
Escondido	2,468	2,446
Imperial Beach	127	89
La Mesa	347	397
Lemon Grove	211	243
National City	272	320
Oceanside	6,172	6,450
Poway	1,471	1,248
San Diego	48,505	45,941
San Marcos	6,012	6,282
Santee	600	616
Solana Beach	175	132
Vista	2,444	2,278
Unincorporated	11,896	12,412
San Diego Region	107,000	107,000

Table B shows the results of the vote on Methodologies A and C. As shown, Methodology C received the majority (15 out of 20) of the votes.

Table B
Votes on Methodology to Allocate Regional Housing Need by Jurisdiction

Jurisdiction	Methodology A	Methodology C
Carlsbad		X
Chula Vista	X	
Coronado		X
Del Mar		X
El Cajon		X
Encinitas		X
Escondido	X	
Imperial Beach		X
La Mesa		X
Lemon Grove		X
National City	X	
Oceanside		X
Poway	Abstained¹	
San Diego		X
San Marcos	X	
Santee		X
Solana Beach	Not in Attendance	
Vista		X
County of San Diego		X²
Stakeholders		
Catherine Rodman, San Diego Advocates for Social Justice	X	
Dutch Van Dierendonck, Ramona Community Planning Group		X
Tom Scott, San Diego Housing Federation		X
<p>1. The City of Poway abstained from the vote, noting that they could not support either methodology.</p> <p>2. The County of San Diego voted yes on Methodology C with the caveat that they would only support it if they received a reduced lower income allocation.</p>		

Table C shows the results of the RHNWG vote on the three income allocation alternatives summarized in Attachment 3, Table B. As shown, Alternative 3 received the majority (15 out of 20) of the votes.

Table C
Votes on Methodology to Allocate Regional Housing Need by Jurisdiction

Jurisdictions	Alternative 1	Alternative 2	Alternative 3
Carlsbad	X		
Chula Vista			X
Coronado	X		
Del Mar			X
El Cajon			X
Encinitas	X		
Escondido			X
Imperial Beach			X
La Mesa			X
Lemon Grove			X
National City			X
Oceanside			X
Poway	Abstained¹		
San Diego			X
San Marcos			X
Santee			X
Solana Beach	Not in Attendance		
Vista			X
County of San Diego	X²		
Stakeholders			
Catherine Rodman, San Diego Advocates for Social Justice			
Dutch Van Dierendonck, Ramona Community Planning Group	X		
Tom Scott, San Diego Housing Federation			
<p>1. The City of Poway abstained from the vote, noting that they could not support either methodology.</p> <p>2. The County of San Diego voted yes on Methodology C with the caveat that they would only support it if they received a reduced lower income allocation.</p>			