

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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July 5, 2018

Kim Kawada
Chief Deputy Executive Director
San Diego Association of Governments
401 B Street, Suite 800
San Diego, CA 92101-4231

Dear Kim Kawada:

RE: Final Regional Housing Need Determination

This letter provides the San Diego Association of Governments (SANDAG) its Final Regional Housing Need Determination. Pursuant to state housing element law (Government Code (Gov. Code) section 65584, et seq.), the Department of Housing and Community Development (Department) is required to provide the determination of SANDAG's existing and projected housing need.

In assessing SANDAG's regional housing need, the Department and SANDAG staff completed an extensive consultation process from October 2016 through June 2018 covering the Department's methodology, data sources, and timeline for both the Department's Regional Housing Need Determination and SANDAG's Regional Housing Need Allocation (RHNA). The Department also consulted with Walter Schwarm of the California Department of Finance (DOF) Demographic Research Unit.

Attachment 1 displays the minimum regional housing need determination of **171,685** total units among four income categories for SANDAG to distribute among its local governments. Attachment 2 explains the methodology applied pursuant to Gov. Code section 65584.01. In determining SANDAG's housing need, the Department considered all the information specified in state housing law (Gov. Code section 65584.01(c)).

As you know, SANDAG is responsible for adopting a methodology and RHNA Plan for the *projection* period beginning June 2020 and ending April 2029. Within 30 days from the adoption date, SANDAG must submit the RHNA Plan to the Department for approval. Local governments are in turn responsible for updating their housing element for the *planning* period beginning April 2021 and ending April 2029 to accommodate their share of new housing need for each income category.

Pursuant to Gov. Code section 65584(d), the methodology to prepare SANDAG's RHNA plan must be consistent with the following objectives:

- (1) Increasing the housing supply and mix of housing types, tenure, and affordability
- (2) Promoting infill development and socioeconomic equity, protecting environmental and agricultural resources, and encouraging efficient development patterns
- (3) Promoting an improved intraregional relationship between jobs and housing
- (4) Balancing disproportionate household income distributions

Pursuant to Gov. Code section 65584.04(d), to the extent data is available, SANDAG should include the factors listed in Gov. Code section 65584.04(d)(1-10) to develop its RHNA plan, and pursuant to Gov. Code section 65584.04(e), SANDAG must explain in writing how each of these factors was incorporated into the RHNA plan methodology.

The Department commends SANDAG for its leadership in fulfilling its important role in advancing the state's housing, transportation, and environmental goals. SANDAG is also recognized for its actions in proactively educating and engaging its board and subcommittees on the RHNA process and the regional housing need, as well as encouraging regional collaboration on best practices around housing and land use. The Department especially thanks Seth Litchney, Coleen Clementson, Carolina Ilic, Rachel Cortes, Dmitry Messen, Muggs Stoll, Daniel Flyte, and Kim Kawada for their significant efforts and assistance. The Department looks forward to its continued partnership with SANDAG and its member jurisdictions and assisting SANDAG in its planning efforts to accommodate the region's share of housing need.

If the Department can provide any additional assistance, or if you, or your staff, have any questions, please contact Megan Kirkeby, Assistant Deputy Director for Fair Housing, at (916) 263-7428 or megan.kirkeby@hcd.ca.gov.

Sincerely,



Zachary Olmstead
Deputy Director

Enclosures

ATTACHMENT 1

HCD REGIONAL HOUSING NEED DETERMINATION

San Diego County Governments: June 30, 2020 through April 15, 2029

<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>
Very-Low*	24.7%	42,332
Low	15.5%	26,627
Moderate	17.3%	29,734
Above-Moderate	42.5%	72,992
Total	100.0%	171,685
* Extremely-Low	13.6%	Included in Very-Low Category

Notes:

Income Distribution:

Income categories are prescribed by California Health and Safety Code (Section 50093, et. seq.). Percents are derived based on Census/ACS reported household income brackets and County median income.

ATTACHMENT 2

HCD REGIONAL HOUSING NEED DETERMINATION: SANDAG June 30, 2020 - April 15, 2029

Methodology

1.	San Diego County: June 30, 2020 – April 15, 2029 (8.8 years) HCD Determined Population, Households, & Housing Unit Need			
2.	Population: April 15, 2029 (DOF June 30, 2029 projection adjusted minus 2.5 months to April 15, 2029)			3,613,215
3.	- <i>Group Quarters Population (DOF June 30, 2029 projection adjusted minus 2.5 months to April 15, 2019)</i>			-118,075
4.	Household (HH) Population			3,495,140
	Household Formation Groups	HCD Adjusted DOF Projected HH Population	DOF HH Formation Rates	HCD Adjusted DOF Projected Households
		3,495,140		
	under 15 years	648,185	n/a	n/a
	15 – 24 years	504,775	9.98%	50,356
	25 – 34 years	402,920	37.25%	150,099
	35 – 44 years	399,705	46.54%	186,020
	45 – 54 years	428,715	50.72%	217,455
	55 – 64 years	388,650	53.69%	208,648
	65 – 74 years	380,010	57.98%	220,348
	75 – 84 years	250,550	62.03%	155,414
	85+	91,630	68.51%	62,775
5.	Projected Households (Occupied Unit Stock)			1,251,115
6.	+ Vacancy Adjustment (2.52%)			31,500
7.	+ Overcrowding Adjustment (3.09%)			38,700
8.	+ Replacement Adjustment (0.50%)			6,255
9.	- <i>Occupied Units (HHs) estimated January 1, 2020</i>			-1,155,883
6th	Cycle Regional Housing Need Assessment (RHNA)			171,685

Explanation and Data Sources

1. Projection period: Gov. Code 65588(f) specifies RHNA projection period start is December 31 or June 30, whichever date most closely precedes end of previous RHNA projection period end date. RHNA projection period end date is set to align with planning period end date. The planning period end date is eight years following the Housing Element due date, which is 18 months following the Regional Transportation Plan adoption rounded to the 15th or end of the month.
- 2-5. Population, Group Quarters, Household Population, & Projected Households: Pursuant to Government Code Section 65584.01, projections were extrapolated from Department of Finance (DOF) projections. Population reflects total persons. Group Quarter Population reflects persons in a dormitory, group home, institute, military, etc. that do not require residential housing. Household Population reflects persons requiring residential housing. Projected Households reflect the propensity of persons, by age groups, to form households at different rates based on Census trends.
6. Vacancy Adjustment: HCD applies a vacancy adjustment (standard 5% maximum to total housing stock) and adjusts the percentage based on the County's current "for rent and sale" vacancy percentage to provide healthy market vacancies to facilitate housing availability and resident mobility. Adjustment is difference between standard 5% vacancy rate and County's current vacancy rate based on the 2012-2016 American Community Survey (ACS) data.
7. Overcrowding Adjustment: In Counties where overcrowding is greater than the U.S. overcrowding rate of 3.34%, HCD applies an adjustment based on the amount the County's overcrowding rate exceeds the U.S. overcrowding rate. Data is from the 2012-2016 ACS.
8. Replacement Adjustment: HCD applies a replacement adjustment between 0.5% and 5% to total housing stock based on the current 10-year annual average percent of demolitions, applied to length of the projection period. Data is from County local government housing survey reports to DOF.
9. Occupied Units: This figure reflects DOF's estimate of occupied units at the start of the January closest to the projection period start date, per DOF E-5 report.