

Final
San Benito County
Regional Housing Needs Allocation Plan



In partnership with:
City of Hollister
County of San Benito
City of San Juan Bautista

July 2014

Prepared by:
Council of San Benito County Governments

Table of Contents

Table of Contents	2
Council of San Benito County Governments.....	3
Introduction and Purpose.....	4
Role in Housing Element Law	4
County Profile.....	5
Description of Process and Planning Timetable.....	6
Existing and Projected Housing Needs.....	7
Allocation of Projected Housing Need by Jurisdiction by Income Categories	8
Guiding Principles.....	9
Description of Method of Allocation.....	10
Farmworker Housing Needs	11
Housing Overpayment and Overcrowding	Error! Bookmark not defined.
Inventory of Assisted Units at Risk of Conversion to Market Rate.....	14
Market Demand for Housing and Employment Opportunities	Error! Bookmark not defined.
Appendix A	13
1. Understanding SB 375: Regional Planning for Transportation, Housing and the Environment	
Appendix B.....	13
1. Letter from Department of Housing and Community Development dated November 19, 2013	

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Council of San Benito County Governments

The Council of San Benito County Governments is governed by a board of five (5) elected officials: two are appointed from each of the Hollister City Council and the San Benito County Board of Supervisors and one is appointed from the San Juan Bautista City Council. The Council of San Benito County Governments is mandated by state law in Government Code Section 65584 to prepare a Regional Housing Needs Allocation Plan.

Introduction and Purpose

Every eight (8) years, the California Department of Housing and Community Development develops a regional housing need determination based on population projections prepared by the California Department of Finance or the Association of Monterey Bay Area Governments. The San Benito County Regional Housing Needs Allocation Plan identifies a need of 2,194 housing units for the planning period, January 1, 2014 to December 31, 2023.



The purpose of the Regional Housing Needs Allocation Plan is to allocate to the Cities and the County of San Benito their share of the region's projected housing need by household income group.

The Institute for Local Government issued a pamphlet entitled "Understanding SB: 375 – Regional Planning for Transportation, Housing and the Environment".

Each locality's regional housing needs allocation is distributed among four income categories to address the required provision for planning for all income levels. The regional housing need allocation plan is required to promote the following objectives per Government Code Section 65584(d):

1. Increase 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. Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns.
3. Promote an improved intraregional relationship between jobs and housing.
4. Allocate 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.

Role in Housing Element Law

With the passing of California Senate Bill 375 in 2008, housing and transportation statutes were amended to further strengthen the coordination of regional housing and transportation planning. Now, the Regional Housing Needs Allocation Plan is tied to the adoption date of the Regional Transportation Plan.

The purpose of allocating the regional housing need to local jurisdictions is for the update of their General Plan Housing Element. The Cities and County of San Benito have until December 31, 2015 to update their Housing Element. Each jurisdiction must receive an allocation and a share of the housing need in order to plan to accommodate housing in the update of their Housing Element. A jurisdiction may take credit for housing units permitted since January 1, 2014.

The regional housing need, as determined by Housing and Community Development, should be considered by the Cities and County of San Benito as a minimum projection of housing need for the 8 year planning period.

A jurisdiction may consider planning for more housing in its Housing Element to meet market demand and the needs of the jurisdiction.

The four income categories (very-low, low, moderate, and above moderate) must be addressed in a jurisdiction's housing element. Specifically, accommodations must be made to ensure that the jurisdiction provides sufficient zoning capacity to accommodate the projected housing need in each income category. For the very low and low income categories, jurisdictions generally are required to identify sites (constructed or vacant) zoned at multifamily residential densities. It is important to note that each jurisdiction is responsible for providing sufficient zoning capacity for the units allocated to all four economic income categories, but is not responsible for the construction of these units.

The intent of the housing element law is to ensure that jurisdictions do not impede the construction of housing in any income category. Other factors, such as market forces, are beyond a jurisdiction's control and have considerable influence over whether or not housing units in each income category are actually constructed.

County Profile

San Benito County is located on the Central California Coast bordered to the north by Santa Cruz and Santa Clara Counties, to the west and south by Monterey County, to the south and east by Fresno County and to the east by Fresno and Merced Counties.

San Benito County was formed in 1874 from Monterey County. The County seat, Hollister, was named after Colonel Hollister. The population has grown from 1,000 in 1874 to 2,750 in 1925 to 55,269 in 2010 to an estimated 57,600 in 2013 (US Census).





Major industries in San Benito County include agriculture, manufacturing, service, retail, recreation, mineral and professional. According to the 2010 US Census, 48.9 percent of the San Benito County workforce commutes outside of San Benito County for employment. Of those working outside of San Benito County, 67 percent travel to Santa Clara County, 25.5 percent travel to Monterey County and 7.4 percent travel to Santa Cruz County.

A large percentage of commuters travel outside of San Benito County for employment, and as such create part of the need for housing. There are more economic opportunities for the workforce in the larger counties to the west and north. Additionally, the lack of more affordable housing near employment creates a strong demand for housing locally.

Due to the housing need pressure, San Benito County grew by 48 percent between 1990 and 2000. Between 2001 and 2009, the Regional Water Quality Control Board prohibited the City of Hollister from issuing new development until a new wastewater treatment facility was built. As of 2014, the region has weathered the worst of the economic recession of 2007-2010 and private investment activity was beginning to emerge. Although foreclosures were abundant between 2007 and 2010, they have since declined with what appears to be a rebounding housing market.

Description of Process and Planning Timetable

The process for allocating each Council of Governments member's share of the regional housing need is outlined in the timetable below:

Table 1: Schedule and Timeline

Task 1: Initial Activities and Outreach	Date
1.1 Meet with local jurisdictions	Fall 2013
1.2 Consult with HCD re. regional determination	Summer/Fall 2013
Task 2: Preparation of Methodology	
2.1 Meet with local jurisdictions	Fall/Winter 2013
2.2 Request and obtain data from local jurisdictions	Fall 2013
2.3 Data processing and analysis	ongoing
2.4 Develop methodology alternatives	December 2013
2.5 Outreach and technical discussions	ongoing
Technical Advisory Committee reviews proposed	
2.6 methodology	2/6/2014
2.7 COG issues proposed methodology	12/19/2013
Task 3: Review of Methodology	
3.1 60-day public comment period	4/17/2014 – 6/16/2014
3.2 Outreach to local governments	ongoing
3.3 Public hearing about methodology	5/15/2014

- 3.4 COG responds to public comments 7/17/2014
- 3.5 COG adopts final methodology and RHNA Plan 7/17/2014

Task 4: Preparation and Review of Draft RHNA

- 4.1 Develop RHNA Plan 5/15/2014
- 4.2 Technical discussions and documentation ongoing
- 4.3 COG issues draft RHNA 4/17/2014
- 4.4 COG Holds Public Hearing 5/15/2014
- 4.5 Local jurisdictions may request revisions 5/30/2014
- 4.6 COG responds to revision requests 6/6/2014

Task 5: Appeals Process

- 5.1 Jurisdictions may appeal draft RHNA 9/15/2014
- 5.2 Public hearing about appeals, if needed 11/14/2014
- 5.3 COG reviews and responds to appeals requests 12/29/2014

Task 6: Adoption of Final RHNA

- 6.1 COG adopts final RHNA 7/17/2014
- 6.2 Public hearing to adopt final RHNA 7/17/2014
- 6.3 COG submits final RHNA to HCD 7/18/2014
- 6.4 Review and approval of final RHNA by HCD 9/15/14

Existing and Projected Housing Needs

According to the 2010 U.S. Census, San Benito County had 17,870 housing units in 2010. This number is close to the 2012 U.S. Census estimate of 17,876 housing units. Development in the major urban center of Hollister has begun to rebound after the completion of the new wastewater treatment facility in 2009.

The 2010 U.S. Census further characterizes housing in San Benito County in the following table:

Table 2: Excerpts from the Profile of General Population and Housing Characteristics: 2010 (DP-1)

Subject	Number	Percent
Housing Occupancy		
Total housing units	17,870	100.0
Occupied housing units	16,805	94
Vacant housing units	1,065	6
Housing Tenure		
Total occupied housing units	16,805	100.0
Owner-occupied housing units	10,927	65
Renter-occupied housing units	5,878	35

The majority of the population and housing is contained in the City of Hollister, the City of San Juan Bautista, and the area of Ridgemark. In 2010, the vacancy rate for homeowners was 2 percent and 5.1 percent for rental units. Vacancy rates increased due to the economic recession of 2007-2010 which affected San Benito County, California, and the rest of the nation.

Despite the large downturn in the housing market, developments are starting up again in San Benito County due to improved economic conditions. Several development projects began construction once the Hollister housing moratorium was lifted. Other projects are approved for the unincorporated area of the County.

The California Department of Finance estimates that the population of San Benito County will grow from 57,600 in 2013 to 63,256 in 2023. This population growth translates to an estimated number of households of 17,876 in 2012 and 19,688 in 2023.

The Association of Monterey Bay Area Governments (AMBAG) projects that the population of San Benito County will grow more than what the Department of Finance estimates. AMBAG projects that the region will grow to 75,604 by 2025.

The Council of San Benito County Governments estimates that growth will be much higher and will likely exceed the required minimum housing need of 2,194 as projected by the Department Housing and Community Development. Households are projected to grow to 22,652 in 2020 according to the Association of Monterey Bay Area Governments for 2035.

The Cities and County are encouraged to plan for additional growth beyond the projected need.

Allocation of Projected Housing Need by Jurisdiction by Income Categories

According to the Bureau of Economic Analysis, in 2011, per capita personal income in San Benito County was \$36,273. In 2012, per capita personal income rose to \$38,030 compared to the statewide average of \$46,477 and Santa Clara County average of \$66,353.

The allocation of regional housing need by income category was determined by the Department of Housing and Community Development (Appendix B).

Table 3: Regional Housing Need Allocation by Income Category

Income Category	Allocation	Percent
Very Low	520	23.7%
Low	315	14.4%
Moderate	430	19.6%
Above Moderate	929	42.3%
Total	2,194	100.0%

The allocation of regional housing need to the local jurisdictions by income categories is included in Table 4: Allocation of Housing Need to Local Jurisdictions. The basis for this allocation formula is outlined in the Guiding Principles below and on the following pages.

Table 4: Allocation of Housing Need to Local Jurisdictions

Allocation of Housing Need to Local Jurisdictions	
City of Hollister	1,316
Very Low	312
Low	189
Moderate	258
Above Moderate	557
City of San Juan Bautista	41
Very Low	10
Low	6
Moderate	8
Above Moderate	17
County of San Benito	837
Very Low	198
Low	120
Moderate	164
Above Moderate	355
Total	2,194

Note: A local jurisdiction may take credit for and reduce their share of housing units built after January 1, 2014 in their submittal of the Housing Element update.

Guiding Principles

The Council of Governments coordinated the effort of this Regional Housing Needs Allocation Plan with the Cities of Hollister and San Juan Bautista, and the County of San Benito planning staffs. Additionally, at the forefront of the allocation methodology was the recognition that housing and jobs are linked.

Each Council of Governments member's share of the regional housing need shown in this Plan shall be used in that member's Housing Element as the local goal in planning for and accommodating the regional housing need. The number of dwelling units allocated to each Council of Governments member should be considered as a minimum housing need. Nothing in this Plan restricts or prohibits the local jurisdictions from planning for a higher number of dwelling units than its regional allocation.

The goal of the Regional Housing Needs Plan is to assure a fair distribution of housing among the Cities and County, so that every community provides an opportunity for a mix of housing affordable to all economic segments. The housing allocation targets are not building requirements, but goals for

each community to plan for and accommodate through appropriate planning policies and land use regulations. The Regional Housing Need number is not a housing unit quota that jurisdictions must achieve within the time frame of their next Housing Element update. Allocation targets are intended to assure that adequate sites and zoning are made available to address anticipated housing demand during the planning period and that market forces are not inhibited in addressing the housing needs of all economic segments of a community.

Description of Method of Allocation

The methodology for the housing needs allocation is broken down into three phases:

1. Review methodology options for the allocation of housing,
2. Allocation of housing units by jurisdiction, and
3. Allocation of housing units by income group.

Review Methodology Options for the Allocation of Housing

Once the Council of Governments receives the countywide housing allocation provided by the California Department of Housing and Community Development, including the overall needs number and the income category distribution, it must adopt a methodology for distributing the regional growth number throughout the region.

Staff reviewed several options for distributing the regional housing need with planning staff of the local jurisdictions. Some of the options included distributing the housing need determination by jobs, housing, or employment based on past, present, and future numbers.

Allocation of Housing Units by Jurisdiction

The Council of Governments is required to allocate a fair share of the housing need to each jurisdiction. In this case, the Council of Governments worked with the Cities of Hollister and San Juan Bautista and the County of San Benito to draft a distribution methodology.

Ultimately a jobs/housing methodology was selected as the preferred option and was recommended to the Council of Governments Board of Directors. The Board of Directors reviewed this methodology on December 19, 2013 and approved it on February 20, 2014.

This methodology distributes the regional figure based on a jurisdiction's proportional share of employment in the year 2025 (within 2 years of the end of the planning period). The AMBAG Final 2014 Regional Growth Forecast was used to determine a jurisdiction's proportional share of jobs for the year 2025.

The allocation methodology is broken out into these four steps:

- Step 1- Determine the number of jobs in 2025 by jurisdiction
- Step 2 - Determine the percentage share of jobs in 2025 per jurisdiction
- Step 3 - Distribute the total housing need of 2,194 to the local jurisdictions based on Step 2
- Step 4 - Distribute each jurisdiction's housing need based on Step 3 by income category

Allocation of Housing Units by Income Category

The Council of Governments assigned the total housing need to each of the four (4) income categories in the same manner as the Department of Housing and Community Development. The allocations are included in *Table 4: Allocation of Housing Need to Local Jurisdictions*.

Regional Housing Needs Allocation Plan Factors

State law (Government Code Section 65584.04(b)(1)) requires that San Benito COG consider, to the extent that sufficient data is available, when developing its Regional Housing Needs Allocation Plan the following factors:

1. *Each member jurisdiction's existing and projected jobs and housing relationship:*

San Benito COG reviewed the jobs and housing balance of the jurisdictions for the present, past, and future. Both of the incorporated cities are projected to have a better jobs to housing balance in 2025. The County is expected to have a lower jobs to housing balance in 2025. This may be explained by the annexation of County lands to the City of Hollister in the sphere of influence over the next 8 years.

Because the Association of Monterey Bay Area Governments 2014 Growth Forecast represents the state and federally recognized basis for the San Benito Regional Transportation Plan (2014), it was used as the basis for the overall Regional Housing Needs Allocation Plan methodology.

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.*

None of the jurisdictions indicated that they would run out of water and/or sewer capacity during the 2014-2023 planning period. No adjustments were considered in the Regional Housing Needs Allocation methodology for lack of water and/or sewer.

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.*

The amount of land available for development varies by jurisdiction. None of the jurisdictions indicated that land suitable for urban growth would be an obstacle during the 2014-2023 planning period.

- 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.*

While there are federal lands in the south of San Benito County, these lands are unsuitable and undesirable for urban development. Development has occurred primarily in the northern part of the County including the City of Hollister and San Juan Bautista. In this northern area, there are no lands preserved or protected from urban development which would impact this Regional Housing Needs Allocation Plan.

- d. County policies to preserve prime agricultural land, as defined pursuant to Section 56064, within an unincorporated area.*

There are lands preserved in the County and Cities of Hollister and San Juan Bautista within the Alquist-Priolo Earthquake Fault Zoning Act. These areas are regulated by the Act but no adjustments in the number of housing units were made for Regional Housing Needs Allocation Plan purposes.

- 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.*

The 2014 Regional Growth Forecast prepared by the Association of Monterey Bay Area Governments shows that growth in housing over the planning period is compatible with the Regional Housing Needs Allocation Plan and methodology used. The City of Hollister is allocated 183 units more than the housing projected in the 2014 Regional Growth Forecast for the planning period. This amount is 16 percent higher than the 2014 Regional Growth Forecast.

Allocating the projected housing need using projected employment in each jurisdiction, maximizes the opportunity for people to use public transportation and existing transportation infrastructure.

- 4. The market demand for housing.*

Planning staffs of the local jurisdictions reported a variety of factors which influence the market demand for housing including low down payment loans, available inventory, availability of financing, and median house sales prices. While these factors influence the market demand for housing, no adjustments were made for the treatment of this situation.

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

There are no agreements between the County and cities 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 repayment, subsidy contract expirations, or termination of use restrictions.*

State Government Code requires each Housing Element to assess the potential impact of expiring public subsidies on low-income units. According to the General Plan Housing Element updates of the three jurisdictions during the last planning cycle of 2007-2014, there were a total 10 units in the unincorporated area of San Benito County, 262 units within the City of Hollister, and 0 (zero) units within the City of San Juan Bautista at risk of conversion from assisted to market rate housing.

No more recent data was available for this Regional Housing Needs Allocation Plan and no adjustments were made for the treatment of this situation.

7. *High-housing cost burdens.*

Information about housing overpayment and overcrowding was found in the 2012 American Community Survey 5-Year Estimates, Table DP04: Selected Housing Characteristics. Overcrowding is considered more than one (1) person per room per house while overpayment is considered 30% or more of monthly income.

The following table summarizes the conditions of overpayment and overcrowding for the Cities of Hollister and San Juan Bautista and San Benito County:

Table 5: Conditions of Housing Overpayment and Overcrowding

Conditions of Housing Overpayment and Overcrowding	Hollister	San Juan Bautista	San Benito County
Selected Monthly Owner Costs as a Percentage of Household Income (30% or more)	59.7%	70.3%	59.0%
Gross Rent as a Percentage of Household Income (30% or more)	61.3%	54.5%	58.6%
Occupants per Room (1.01 or more)	8.8%	10.2%	7.9%

The Council of San Benito County Governments sought to accommodate its projected household growth throughout the region in developing this Regional Housing Needs Allocation Plan by connecting projected jobs to housing.

8. *The housing needs of farmworkers.*

Farmworker housing needs in this Regional Housing Needs Allocation Plan are addressed in the very low-income category. Several low-income housing developments were built in the last two decades in San Benito County. Many of the residents in these communities work in the

agricultural industry. There are also several farmworker communities in San Benito County that address the existing and transient 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.*

The Gavilan College Hollister site offers a limited number of classes due to its small size. Gavilan College is planning to grow its Hollister campus and move to a new location but will likely take many years to accomplish. The existing and future housing needs of students, faculty, and staff are accommodated in the income categories identified in this Regional Housing Needs Allocation Plan. There are currently no group quarters associated with the Gavilan College Hollister site.

10. *Any other factors adopted by the council of governments.*

There were no other factors adopted by the Council of Governments for considering in the allocation of housing units to the local jurisdictions.

Public Hearing and Comments

The Council of San Benito County Governments posts its agendas at locations freely available to the public. The Board discussed and provided direction to staff on the Regional Housing Need Allocation at three public meetings prior to releasing the draft Regional Housing Needs Allocation Plan in April. The Council of San Benito County Governments also noticed the public hearing in the local free newspaper.

At the public hearing on May 15, 2014, there was one public comment received from CHISPA (Community Housing Improvement Systems and Planning Association, Inc.). Gabriel Torres, Project Manager, stated that the organization was satisfied with the draft Regional Housing Needs Allocation Plan. Mr. Torres stated that CHISPA is expanding their efforts in affordable housing developments to San Benito County.

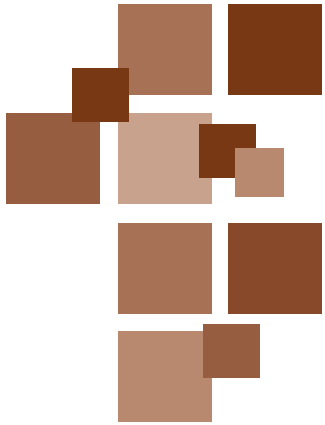
CHISPA is a private, nonprofit (501(c)(3)) housing developer in Monterey County focused on building affordable single family homes and multi-family and senior apartments.

Appendix A

Institute for Local Government - Understanding SB 375: Regional Planning for Transportation, Housing and the Environment

Appendix B

Letter from Department of Housing and Community Development dated November 19, 2013



Understanding SB 375: Regional Planning for Transportation, Housing and the Environment

 INSTITUTE FOR
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LAND USE AND ENVIRONMENT PROGRAM
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The Institute for Local Government's mission is to promote good government at the local level with practical, impartial and easy-to-use resources for California communities.

Check out the Institute's website (www.ca-ilg.org) for resources in the following areas:

- Intergovernmental Conflict Resolution
- Local Government 101
- Public Engagement and Collaborative Governance
- Public Service Ethics
- Sustainable Communities:
 - Climate Change
 - Healthy Neighborhoods
 - Land Use and Environment

The Institute is the 501(c)(3) research affiliate of the California State Association of Counties and the League of California Cities.

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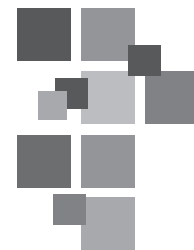


Table of Contents

List of Figures	iv
Introduction	1
Overview of SB 375	1
Regional Planning Agencies and Organizations	2
What Role do Local Officials Play in Regional Planning?	4
Greenhouse Gas Reduction and Regional Planning	5
The Regional Transportation Plan	6
Goals of Regional Transportation Planning	7
Funding and Implementating Transportation Projects in the Regional Transportation Plan	8
The Sustainable Communities Strategy – A New Component of the Regional Transportation Plan in Metropolitan Regions	11
Linking Transportation, Land Use and Housing.	13
Streamlining Environmental Review	15
How Do These Regional Plans and Environmental Review Incentives Affect Local General Plans?	15
Involving the Public in Regional Planning	16
Additional Resources and References	17
Online Glossaries	17
Key Acronyms in this Document.	17
Endnotes.	18



List of Figures

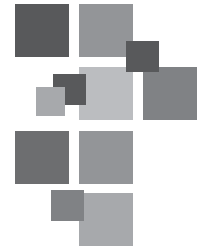
Air Pollution, Public Health, and the Regional Transportation Plan.	7
Key Regional Transportation Plan Resources and Documents	9
More About Transportation Plans and Air Quality Conformity. . . .	9
California Metropolitan Planning Organizations and Regional Transportation Planning Agencies.	10
Objectives of the Regional Housing Needs Allocation	13
Coordinating Regional and Local Planning for Housing	14

INSTITUTE OFFERS SERIES OF GUIDES ON REGIONAL PLANNING

This guide is one in a series developed by the Institute for Local Government (ILG) to assist local officials, residents, and others to understand the basic provisions of local and regional planning efforts to reduce greenhouse gas emissions in California.

ILG has prepared companion guides for local officials outlining the public participation requirements and opportunities that apply to regional planning. They are available, along with other regional planning resources, on the ILG website at www.ca-ilg.org/RegionalPlanning.

To address in more detail legal issues specifically related to AB 32 and SB 375, the Institute has prepared two guides for local officials providing a legal analysis of AB 32 and SB 375, respectively. Both legal analyses are available at www.ca-ilg.org/AB32-SB375LegalAnalysis.



Introduction

California’s population – estimated at 39 million in 2010 – is expected to grow to nearly 60 million people by the year 2050.¹ To help manage this growth and its associated challenges, cities and counties are participating more frequently and deeply in regional planning efforts. Local officials throughout California have developed a variety of collaborative processes to address the regional nature of many planning issues, such as improving air quality, meeting housing needs, and providing transportation networks.

Two recent laws, the Global Warming Solutions Act of 2006 (AB 32)² and the Sustainable Communities and Climate Protection Act of 2008 (SB 375)³, have important implications for the roles and responsibilities of local officials.

The purpose of this guide is to provide local officials with a concise introduction to regional planning for transportation, housing and the environment as revised by SB 375, including how regional planning relates to cities and counties in a region.

For local officials and others who are not familiar with the regional planning process, the guide offers an overview of the process and some of the issues central to regional planning for transportation and housing. For those with experience in regional planning as it has been conducted in the past, the guide describes how recent changes affect the processes for regional and local planning and environmental review.

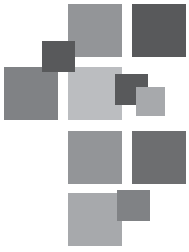
Overview of SB 375

Senate Bill 375 creates a formal process that builds on the experience of voluntary regional visioning initiatives in California, often referred to as “Regional Blueprints.”⁴ Furthering the goals of AB 32, SB 375 relies on regional collaboration by local officials to address California’s goals for reducing that portion of the emissions of greenhouse gases that stems from automobile travel. The law coordinates three important planning activities into a new integrated planning process:

- The regional transportation plan (RTP);
- The regional housing needs assessment (RHNA); and
- Updating the housing element of local general plans.

In addition, SB 375 modifies the process for environmental review of projects that are consistent with regional strategies to reduce greenhouse gas emissions.

Taken together, these changes provide important opportunities for local officials to engage with their colleagues and the public and proactively chart the pace and character of development in their region.



Regional Planning Agencies and Organizations

Federal and state laws assign responsibility for development of regional plans for transportation and housing to one of three different types of regional agencies in California: regional transportation planning agencies (RTPAs), metropolitan planning organizations (MPOs), and regional councils of governments (COGs). Metropolitan planning organizations and councils of governments are “joint powers agencies” established by voluntary agreements among the cities and counties in the region. RTPAs are identified by statute (see below). These agencies are governed by boards composed of or appointed by local elected officials, with the exception that certain RTPA’s boards may include appointed representatives of local transit operators.⁵

Regional Transportation Planning Agencies

The state’s Director of the Department of Transportation (Caltrans) designates the official regional transportation planning agency (RTPA) for each of California’s fifty-eight counties.⁶

- For some counties, the regional transportation planning agency is created by statute;⁷
- For counties within the jurisdiction of a metropolitan planning organization, that organization may serve as the regional transportation planning agency for a county;⁸
- For counties that are not within the jurisdiction of a metropolitan planning organization or a statutorily created regional transportation planning agency, a local transportation commission or county transportation commission may serve as the regional transportation planning agency.⁹

More information about the designation of regional transportation planning agencies is available on the Caltrans website at: www.dot.ca.gov/hq/tpp/offices/orip/list/agencies.html.

Metropolitan Planning Organizations

For urbanized areas with more than 50,000 residents, federal law¹⁰ requires the state to designate a regional metropolitan planning organization in order to receive federal funding to prepare and implement the regional transportation plan. California has eighteen metropolitan planning organizations, each governed by elected officials from the cities and counties that comprise the particular metropolitan planning area.

Federal law provides a process and guidance for each state to define metropolitan planning areas by agreement between a metropolitan planning organization and the Governor.¹¹ These regions center on “urbanized” areas defined by the U.S. Census Bureau and may include additional areas beyond the urbanized area.

SB 375’s greenhouse gas reduction provisions affect only the eighteen metropolitan planning organizations in California and do not affect the non-metropolitan regional transportation planning agencies.¹² However, a number of provisions related to planning for housing are applicable to jurisdictions within metropolitan planning organizations and regional transportation planning agencies alike.¹³

Councils of Governments

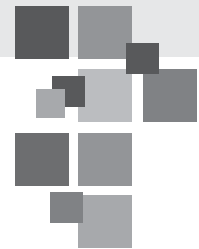
Councils of governments (COGs) are responsible for determining the share of the regional need for housing for each of the counties and cities within the council of government's region. Councils of governments can be single or multi-county entities created by a joint powers agreement among the member agencies. The governing board of each of California's 25 councils of governments consists of elected officials drawn from the cities and counties belonging to the council of governments, as established in the joint powers agreement for each agency.

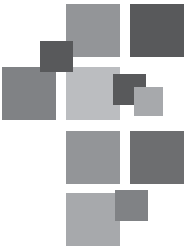
In most cases where the council of governments includes multiple counties, the council of governments and the metropolitan planning organization are the same organization; thus the council of government is also responsible for preparing the regional transportation plan and expenditure programs. An important exception is the nine-county San Francisco Bay Area, where by statute the Metropolitan Transportation Commission (MTC) serves as the metropolitan planning organization, and the Association of Bay Area Governments (ABAG) serves as the council of governments.¹⁴

RESOURCES TO LEARN MORE ABOUT REGIONAL PLANNING AGENCIES

For more information about regional transportation planning agencies, metropolitan planning organizations, and councils of governments in California, including a map and list of regional agencies, please see the website of the California Association of Councils of Governments at www.calcog.org/about/about.html.

More information about urbanized areas and federal guidelines for metropolitan planning organizations is available on the Federal Highway Administration FAQ page: www.fhwa.dot.gov/planning/census/faq2cdt.htm.





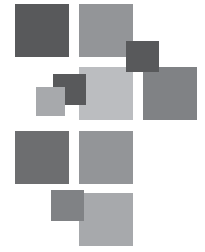
What Roles Do Local Officials Play in Regional Planning?

Local officials are key decision-makers in many aspects of the regional planning process. Local elected officials from the cities and counties in a region govern the regional agencies involved in the process. Appointed officials and staff from cities and counties serve a number of roles in the process as well.

The roles of local officials in the regional planning process include:

- Local elected officials serve on the governing boards of the metropolitan planning organizations. The metropolitan planning organizations have final responsibility for adopting the regional transportation plan. This includes adopting the “sustainable communities strategy” prepared under SB 375 as part of the regional transportation plan (or the “alternative planning strategy”, if one is required).¹⁵ (See the section on the sustainable communities strategy and alternative planning strategy beginning on page 11 for more information.)
- Local elected officials serve on the governing boards of the councils of governments that have final responsibility for approving the regional housing needs allocation to each city and county within the region.
- Local elected officials serving on city councils and county boards of supervisors are responsible for developing and adopting the local general plan. Neither the sustainable communities strategy nor the alternative planning strategy developed under SB 375 will supersede the general plan or other planning policies or authorities of a city or county. Nor must a local agency’s planning policies be consistent with either strategy.¹⁶
- Local city councils and county boards of supervisors will determine whether to make their local general plan consistent with the region’s sustainable communities strategy, thereby making California Environmental Quality Act streamlining incentives included in SB 375 available for residential development or transportation projects that are consistent with the sustainable communities strategy or alternative planning strategy.¹⁷

In addition, many local appointed officials and staff serve on advisory boards, committees, and task forces involved in the development of regional plans and policies for transportation and housing.



Greenhouse Gas Reduction and Regional Planning

A key focus California's effort to reduce greenhouse gas emissions that contribute to climate change is transportation. Cars and light trucks account for about 30 percent of California's greenhouse gas emissions.¹⁸ When all types of vehicles are included transportation overall accounts for 40 percent of California's greenhouse gas emissions.¹⁹

California laws seek to reduce carbon emissions from cars and light trucks in two ways.

1. Emissions Reductions. The first way is to reduce the amount of carbon that each vehicle emits, through measures like state standards for vehicle greenhouse gas emissions,²⁰ and the state's low carbon fuel standard.²¹ These laws and regulations require vehicles to use less fuel and for fuel to use less carbon, respectively. (For more information, see the state's AB 32 Scoping Plan²² at www.ca-ilg.org/AB32ScopingPlan.)

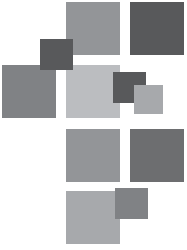
2. Vehicle Trip Reductions. The second way California laws seek to limit carbon emissions from cars and light trucks is to reduce the frequency and distance that people need to drive. SB 375 modifies the regional transportation planning and housing allocation processes with the goal of creating transportation networks and land use patterns where people will drive fewer miles in their cars.

Under SB 375, the California Air Resources Board (CARB) has set regional targets for reducing emissions from cars and light trucks for each of the eighteen metropolitan planning organizations in California.²³

The approach to attain these emission reduction targets established by SB 375 includes three components:

- Modifying transportation patterns and investments at the regional level through the regional transportation plan;
- Linking land use, transportation, and housing decisions at the regional and local level through the regional housing needs assessment process and the housing element of the local general plan; and
- Providing incentives to streamline the environmental review of plans and projects that assist in meeting regional greenhouse gas reduction targets.

These three components of the regional and local planning process intended to reduce greenhouse gas emissions are described in the following sections.



The Regional Transportation Plan

The regional transportation plan, sometimes called a metropolitan transportation plan, is a long-range framework for improvements to the region's transportation network. In particular, the regional transportation plan outlines transportation investments for a region, based on a minimum 20-year (or longer) outlook for likely growth in the region.

Major activities in the development of the regional transportation plan include:

- Developing a realistic long-range land use scenario for regional growth. The scenario must be based on current planning assumptions embodied in city and county general plans and spheres of influence within the region, along with likely economic and growth forecasts. (This requirement predates SB 375 and is linked to federal transportation planning requirements.²⁴)
- Assessing the long-term mobility needs of the region, including the movement of both people and goods, and developing a plan to meet those needs.
- Developing short and long-range transportation goals, objectives and policy statements.

- Describing transportation projects proposed during the 20-year horizon of the plan.
- Identifying funding sources for implementing the plan.
- Developing a financial plan that covers costs related to development, maintenance, and operation of the transportation system.²⁵

Taken together, these activities combine to create a framework for understanding the roles of different agencies and organizations involved in transportation planning, program management, and service delivery.

In each region, the metropolitan planning organization (sometimes referred to by its acronym MPO) or regional transportation planning agency (sometimes referred to by its acronym RTPA) develops the regional transportation plan every four years, and updates it after two years.

Goals of Regional Transportation Planning

Regional transportation planning brings together cities, counties, transit providers, tribal governments, and a variety of other stakeholders and residents to develop a long-range plan for meeting the mobility needs of the region. The process develops a region's vision of its long-range transportation goals, objectives, and strategies. This vision must be realistic and within fiscal constraints. The regional transportation plan is the conduit for local, state, and federal funding to pay for transportation projects in the region and is a requirement of federal law. Broadly, federal law requires that the planning for regional transportation be "continuing, cooperative, and comprehensive" and consider all modes of transportation, such as cars, trucks, public transit, walking, and bicycling.²⁶

Goals of regional transportation planning include:²⁷

- Encouraging and promoting the safe and efficient management, operation and development of a regional intermodal transportation system that, when linked with appropriate land use planning, will improve the mobility of goods and people by providing more transportation choices, freedom of movement, and access to regional goods and services.
- Relieving traffic congestion and shortening commutes to allow people more time to do what they want or need to do, and increasing business productivity;
- Facilitating the efficient movement of goods to increase the region's economic strength and competitiveness;
- Improving public health by reducing exposure to air pollution and providing opportunities for residents to be physically active through walking and bicycling;
- Reducing greenhouse gas emissions in accordance with California law in the more urbanized regions of the state; and
- Furthering the attainment of the federal and state clean air acts and other laws related to the effects of transportation on public health, environmental protection, and resource management.



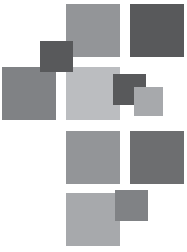
Figure 1 AIR POLLUTION, PUBLIC HEALTH, AND THE REGIONAL TRANSPORTATION PLAN

Vehicle emissions can have serious effects on air quality and public health. Regional transportation planning agencies should consult with appropriate state and federal agencies on air quality issues during the preparation of the regional transportation plan. This consultation is mandatory for non-attainment regions.²⁸

The regional transportation plan is also subject to the environmental review requirements of the California Environmental Quality Act (CEQA).²⁹ Generally, the regional agency prepares an environmental impact report in tandem with the regional transportation plan to identify and evaluate the full range of the plan's environmental impacts.

The regional transportation plan may also be subject to a process known as "conformity" if the region has not met health-based air quality standards under the federal Clean Air Act.³⁰ The conformity process requires the regional transportation plan to conform to the state implementation plan (SIP) adopted by the California Air Resources Board to meet federal air quality standards in the region (see Figure 3 on page 9 for more information).

A metropolitan planning organization or regional transportation planning agency makes the initial determination that its regional transportation plan is "in conformity" with the state implementation plan, subject to federal review.³¹



Funding and Implementing Transportation Projects in the Regional Transportation Plan

California’s transportation system consists of a vast network of streets and highways, public transit (bus and passenger rail), airports and seaports as well as other transportation modes such as bicycle, pedestrian and ferry systems. These systems provide for the mobility and accessibility of people, goods, services and information throughout the state.

Jurisdiction over the operation and maintenance of these transportation systems is shared between the state, regional agencies, and local agencies. Funding comes from federal, state, regional and local taxes, bonds, fees and assessments, as well as private investments.

For more information on this topic, see *Transportation Funding in California*, available on the CalTrans website at: www.dot.ca.gov/hq/tpp/offices/ote/fundchrt.html

Regional transportation plans are the basis for funding transportation projects in California’s regions (see Figure 4 on page 10). Only projects included in these plans can be “programmed” for state or federal funding in the region’s transportation improvement program (sometimes referred to by its acronym TIP). The transportation improvement program identifies which projects will receive funding for environmental studies, right-of-way acquisition, project development, and construction.

Regional planning agencies update the transportation improvement program every two years. Both the RTP and the TIP are major elements of the region’s annual transportation work plan, called the “overall work plan.” The overall work plan outlines the transportation planning studies and tasks the regional agency will undertake in a given year.

Development and approval of the transportation improvement program is a multi-step process involving regional and inter-regional components. The California Transportation Commission must review and approve portions of the transportation improvement program that seek federal or state funding through the state transportation improvement program, or STIP. (The California Transportation Commission is responsible for programming and allocating funds for the construction of highway, passenger rail and transit improvements throughout California).³²

Additionally, the regional transportation plan must be “financially constrained,” meaning that it needs to identify reasonably available funding sources for each of the transportation projects included in the plan.³³ Further, for the state’s 18 metropolitan planning organizations, programmed projects must be consistent with a sustainable communities strategy, which is also an element of the regional transportation plan.³⁴ Those areas outside the jurisdiction of a metropolitan planning organization are not subject to this requirement (see Figure 4 on page 10).

Figure 2

KEY REGIONAL TRANSPORTATION PLANNING RESOURCES AND DOCUMENTS

- Caltrans Office of Regional and Interagency Planning
www.dot.ca.gov/hq/tpp/offices/orip/index.html
- Key planning documents produced by the metropolitan planning organizations (MPOs) and regional transportation planning agencies (RTPAs):
 1. **Regional Transportation Plan (RTP)** – Provides a 20 plus-year framework for future transportation investments within the region.
 2. **Transportation Improvement Program (TIP)** – A prioritized list of transportation projects proposed for federal and state funding over the

following four years. MPOs adopt and update the TIP every two years. The TIP must be consistent with the RTP and is a prerequisite for federal funding.

3. **Overall Work Program (OWP)** – MPOs and RTPAs adopt an “overall work program” annually to identify the region’s transportation funding priorities and planning activities for that fiscal year. The OWP is also referred to as a “unified planning work program.”

For more about these and other documents included in the regional transportation planning process, see the California Transportation Commission’s *2010 Regional Transportation Plan Guidelines* (especially section 2.4) at www.catc.ca.gov/programs/rtp.htm.

Figure 3

MORE ABOUT TRANSPORTATION PLANNING AND AIR QUALITY CONFORMITY

The federal Clean Air Act requires air quality in a region to meet a national standard called the National Ambient Air Quality Standard (sometimes referred to by the acronym NAAQS) set by the US Environmental Protection Agency (EPA). If the region fails to meet the standard, it must prepare a plan for attaining that goal. The air quality plan must include actions related to both stationary sources of air pollution (such as factories and power plants) and mobile sources of air pollution (from transportation).

Areas that have not met, or “attained,” the National Ambient Air Quality Standards, must implement a “transportation conformity” process. The conformity process requires a metropolitan planning organization to determine that its regional transportation plan is in conformity with the area’s plan for reaching “attainment” of the air quality standard.

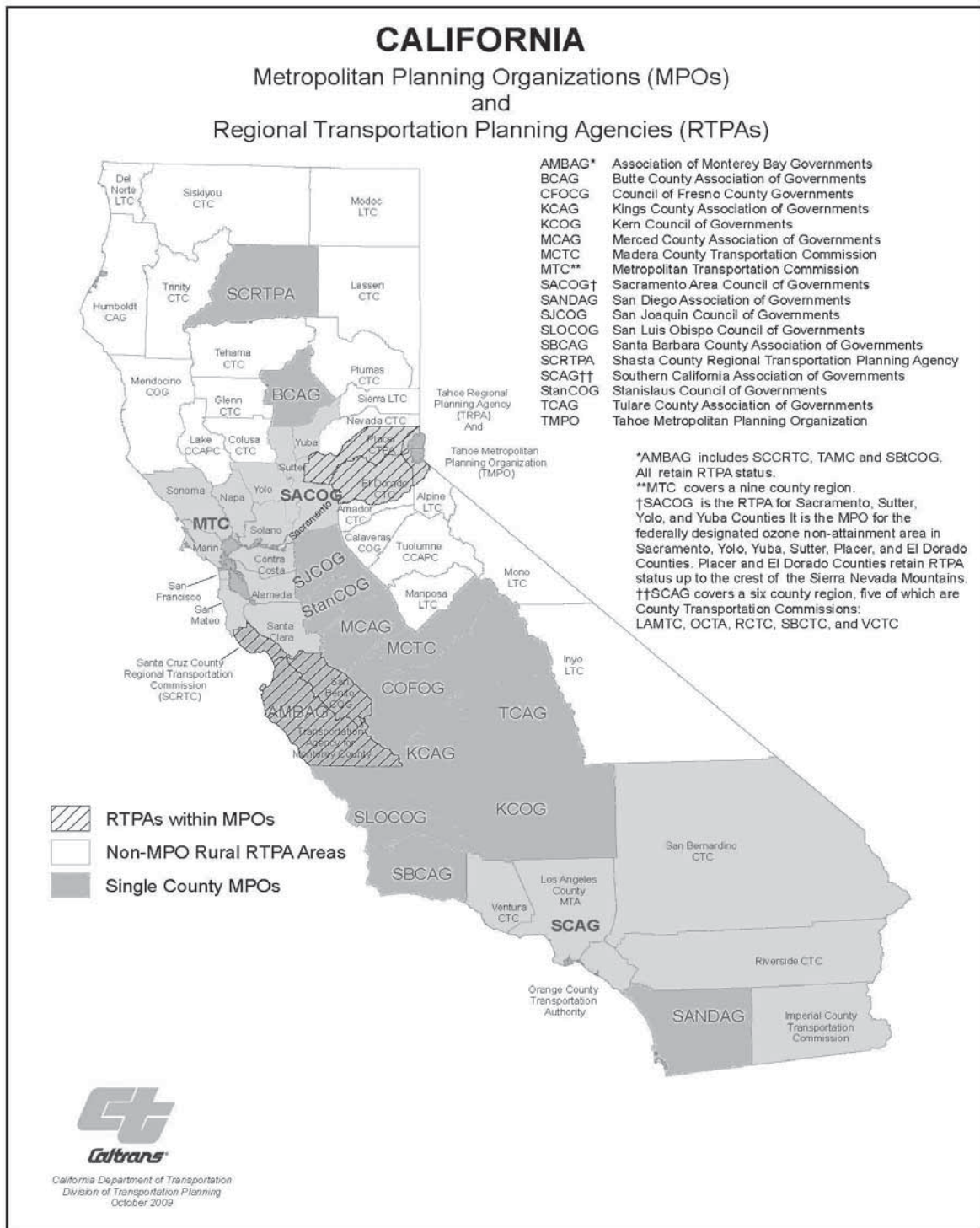
(See 23 C.F.R. § 450.322(l); 40 C.F.R § 93.104.)

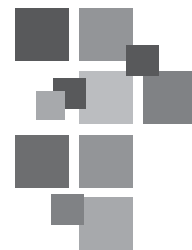
Following that initial determination, the US Department of Transportation’s Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) must approve the metropolitan planning organization’s conformity determination before the regional transportation plan is valid.

The Environmental Protection Agency determines what pollutants are included in the NAAQS and sets the criteria for defining the standard. In 2009, the EPA began the process of including greenhouse gases on the list of regulated pollutants for which it will set air quality standards.

Figure 4

(Full color version available at www.dot.ca.gov/hq/tpp/offices/orip/list/agencies.html)





The Sustainable Communities Strategy – A New Component of the Regional Transportation Plan in Metropolitan Regions

In October 2010 the California Air Resources Board released regional greenhouse gas reduction targets to each of California’s 18 metropolitan planning organizations, setting in motion the process for each region to include a “sustainable communities strategy” (often referred to by its acronym SCS) as part of its next regional transportation plan update. This requirement does not apply to regional transportation planning agencies that are not within the jurisdiction of a metropolitan planning organization.

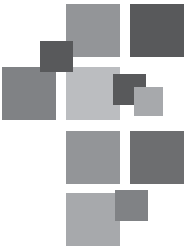
A sustainable communities strategy provides a regional framework for growth that identifies the “general location of uses, residential densities, and building intensities” within the region as well as areas sufficient to meet the region’s housing needs and a regional transportation network sufficient to serve that growth.³⁵

The sustainable communities strategy identifies how the metropolitan planning organization proposes to reduce greenhouse gas emissions from cars and light trucks through integrated land use, transportation, and housing planning. The sustainable communities strategy must strive to meet regional greenhouse gas reduction targets set by the California Air Resources Board if there is a feasible way to do so.³⁶

The sustainable communities strategy provides each region with a tool for synchronizing three state mandated planning processes:

- The Regional Transportation Plan (RTP);
- The Regional Housing Needs Allocation (RHNA); and
- Updating the housing element of the general plan for each city and county in the region.

In addition to aligning the schedules for each of these planning processes, SB 375 requires that all three share a common set of reasonable land use assumptions for the region. One such assumption, for example, would be the distribution of housing units established through the regional housing needs allocation (see below).³⁷ The sustainable communities strategy must identify areas sufficient to house all economic segments of the region’s population for an eight year planning period.³⁸



Alternative Planning Strategy

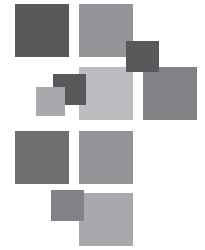
If the sustainable communities strategy falls short of meeting the regional greenhouse gas reduction target established by the Air Resources Board, then the region must also prepare an “alternative planning strategy” (sometimes referred to by its acronym APS).³⁹ The APS must include a combination of alternative development patterns, transportation investments, or additional transportation measures or policies that, if implemented, would meet the regional greenhouse gas reduction targets.⁴⁰

Unlike the sustainable communities strategy, the alternative planning strategy is not part of the regional transportation plan. Thus, transportation funding decisions in the regional transportation plan do not have to be consistent with the alternative planning strategy, as they do with the sustainable communities strategy.

California Air Resources Board Review

After adopting a sustainable communities strategy or alternative planning strategy, the metropolitan planning organization must submit it to the California Air Resources Board (CARB) for review. The statute limits the Air Resources Board’s review; the board can accept or reject the metropolitan planning organization’s assertion that the sustainable communities strategy or the alternative planning strategy would, if implemented, achieve the region’s greenhouse gas reduction target set by the board.⁴¹

If the Air Resources Board determines that the sustainable communities strategy would not meet the target, then the metropolitan planning organization must either revise the strategy, or submit an alternative planning strategy (if it has not already done so) that would meet the target.⁴²



Linking Transportation, Land Use and Housing

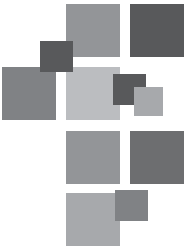
The sustainable communities strategy uses a common set of land use assumptions to link regional planning for transportation and housing with land use planning. These common assumptions apply to the regional transportation

plan and the allocation of each city's and county's share of the regional housing need. The housing share assigned to each locality is determined through the regional housing needs allocation (RHNA) process.

Figure 5 OBJECTIVES OF THE REGIONAL HOUSING NEEDS ALLOCATION

Each locality's regional housing needs allocation is distributed among four income categories to address the required provision for planning for all income levels. The regional housing need allocation is required to promote the following objectives:⁴³

1. Increase the housing supply and the mix of housing types, tenure and affordability in all cities and counties within the region in an equitable manner;
2. Promote infill development and socioeconomic equity, the protection of environmental and agricultural resources, and the encouragement of efficient development patterns; and
3. Promote an improved intraregional relationship between jobs and housing.



Regional Housing Needs Allocation Process

The California Department of Housing and Community Development (sometimes referred to by its acronym HCD) is responsible for allocating each region's share of the statewide housing need to each council of governments. The region's share of the statewide housing need is based on state Department of Finance population projections and regional population forecasts used in preparing regional transportation plans.

The council of governments develops a regional housing need plan (RHNP) allocating the region's share of the statewide need to cities and counties within the region. The "regional housing need" is a minimum projection

of additional housing units needed to accommodate the projected growth in the number of households for all income levels by the end of the housing element's statutory planning period.

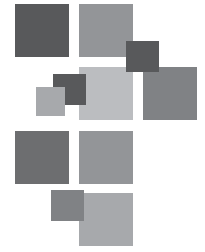
Each city and county is responsible for regularly updating the housing element of its general plan. The housing element of a city or county general plan must include goals and policies for how the locality will provide for its share of the regional housing need, including zoning and land use policies.⁴⁴ For example, to accommodate the regional housing need, cities and counties may include rezoning programs to allow higher density and more compact land uses.

Figure 6

COORDINATING REGIONAL AND LOCAL PLANNING FOR HOUSING

The sustainable communities strategy influences regional and local planning for housing through a four-step process:

1. The state Department of Housing and Community Development (HCD), in consultation with each council of governments (COG), determines the projected housing needs for each region every eight years.⁴⁵
2. Metropolitan planning organizations develop a sustainable communities strategy that accommodates the region's housing need and strives to meet the regional greenhouse gas reduction target set by the California Air Resources Board.⁴⁶
3. The council of governments for the region then allocates a share of the regional housing need to each of the cities and counties in the region for the eight year planning period. The allocation must be "consistent with the development pattern included in the Sustainable Communities Strategy."⁴⁷
4. The cities and counties then revise their general plan housing elements to accommodate their housing allocation. Housing elements must be updated within eighteen months of the date the metropolitan planning organizations adopts the regional transportation plan.



Streamlining Environmental Review

Under SB 375, cities and counties have the option to provide incentives that “streamline” the environmental review process. These provisions apply to certain types of projects that are consistent with an adopted regional sustainable communities strategy or alternative planning strategy.⁴⁸

The provisions for a full or partial exemption from the California Environmental Quality Act review were included in SB 375 as an incentive for projects designed to reduce greenhouse gas emissions from vehicle trips. Under that law, the environmental review of a variety of projects that are consistent with an adopted sustainable communities strategy or alternative planning strategy does not have to analyze certain aspects of the project that relate to climate change.⁴⁹

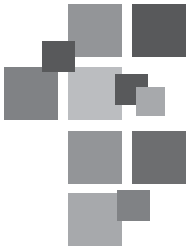
The environmental review provisions of SB 375 are detailed and complex. For more information on this topic, please visit the ILG website at www.ca-ilg.org/SB375.

How Do These Regional Plans and Environmental Review Incentives Affect Local General Plans?

SB 375 specifically provides that cities and counties retain ultimate authority over local land use decisions.⁵⁰ Cities and counties need not amend or update their general plans to conform to the land use patterns included in the regional transportation plan and the sustainable communities strategy. However, because the regional transportation plan, the regional housing needs allocation, and the sustainable communities strategy are based on a common set of land use assumptions, these regional plans offer a collective vision for the region that may influence how local general plans evolve over time.

Three important ways regional planning for transportation and housing affects local general plans are:

- SB 375 synchronizes the schedules for updating the regional transportation plan, the regional housing needs allocation, and the update of the local general plan housing element into a new integrated planning cycle for each region.⁵¹
- The sustainable communities strategy included in the regional transportation plan uses a common set of land use assumptions for the regional transportation plan and the regional housing needs allocation, which will form the foundation for updating local housing elements.⁵²



- The California Environmental Quality Act incentives included in SB 375 can only be used if the local agency and the metropolitan planning organization agree that a project (which must be consistent with the general plan) is also consistent with the regional sustainable communities strategy or alternative planning strategy.⁵³

The sustainable communities strategy combines regional planning for transportation and housing into a strategy for reducing greenhouse gases in the region. To achieve the region's greenhouse gas reduction target, the sustainable communities strategy could include land use patterns that differ from those previously envisioned in the region. However, the assumptions used must be consistent with current planning assumptions for federal air conformity purposes—in other words, the assumptions must be grounded in what the local governments are reasonably likely to include in their plans and approve.⁵⁴

Because all general plans must be internally consistent, other elements (such as land use and circulation) may need to be revised to reflect the land use assumptions contained in the updated housing element.⁵⁵ In addition, local jurisdictions may decide to amend their general plans for consistency with the sustainable communities strategy to help streamline the environmental review of development projects.

Involving the Public in Regional Planning

The success of California's effort to reduce greenhouse gas emissions through coordinated regional planning will depend in large part on the extent of public support for the proposed changes to land use, transportation, and housing patterns included in local and regional plans. Public support in turn requires that the public be informed, consulted, engaged and heard as officials make decisions about the future of their communities through the regional planning process.

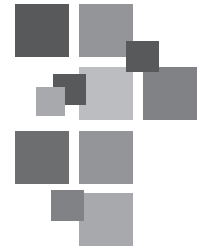
Local officials can play a leadership role by encouraging their constituents and other members of the public to actively participate in regional planning and by taking advantage of opportunities to engage in that planning process themselves.

ILG OFFERS RESOURCES ON PUBLIC PARTICIPATION IN REGIONAL PLANNING

The Institute for Local Government has prepared two guides for local officials on engaging the public in regional planning.

- Understanding SB 375: Public Participation Requirements
- Understanding SB 375: Opportunities to Engage the Public in Regional Planning

For more information on this topic, including a free electronic copy of these publications, please visit the ILG website at www.ca-ilg.org/RegionalPlanning.



Additional Resources and References

Online Glossaries

These online glossaries provide more information about terms related to the regional planning issues discussed in this guide, and others:

- Federal Highway Administration online glossary: www.fhwa.dot.gov/planning/glossary/index.cfm
- ILG Glossary of Land Use Planning Terms: www.ca-ilg.org/PlanningTerms
- ILG SB 375 Legal Analysis: www.ca-ilg.org/SB375LegalAnalysis

Key Acronyms in this Document

- APS – alternative planning strategy
- CARB – California Air Resources Board
- CEQA – California Environmental Quality Act
- COG – council of governments
- Caltrans – California Department of Transportation
- FTIP – Federal Transportation Improvement Program (also referred to as the regional transportation improvement program or RTIP)
- HCD – California Department of Housing and Community Development
- MPO – metropolitan planning organization
- OWP – overall work program (also referred to as UPWP – unified planning work program)
- RHNA – regional housing needs allocation
- RTP – regional transportation plan (sometimes referred to as MTP – metropolitan transportation plan)
- RTPA – regional transportation planning agency
- SCS – sustainable communities strategy

Endnotes

- ¹ State of California, Department of Finance, Population Projections for California and Its Counties 2000-2050, by Age, Gender and Race/Ethnicity, Sacramento, California, July 2007.
- ² See California Health and Safety Code, § 38500 et. seq.
- ³ SB 375 (Steinberg, Chapter 728, Statutes of 2008).
- ⁴ According to the California Department of Transportation, regional blueprints are “collaborative planning processes that engage residents of a region in articulating a vision for the long term future of their region.The process leads to the development of alternative growth scenarios for the region, and through a public process a preferred growth scenario is selected that can then guide regional and local land use and transportation decisions for a future that is sustainable, while meeting residents’ needs and providing a high quality of life for all.” See <http://calblueprint.dot.ca.gov/>.
- ⁵ See California Government Code, § 29535.
- ⁶ See California Government Code, § 29532, et. seq.
- ⁷ See California Government Code, § 29532.1.
- ⁸ See California Government Code, § 29532 (b).
- ⁹ See California Government Code, § 29532 (b) and (c).
- ¹⁰ 23 USC 134(d).
- ¹¹ 23 USC 134(e).
- ¹² California State Association of Counties (CSAC), *Addressing Greenhouse Gas Emissions from the Transportation Sector via Regional Transportation Plans* (October 21, 2008), p. 5 (available at www.ca-ilg.org/).
- ¹³ CSAC, p. 9-11.
- ¹⁴ See California Government Code, § 29532.1 (a).
- ¹⁵ See California Government Code, § 65080(b)(2)(B).
- ¹⁶ See California Government Code, § 65080(b)(2)(J).
- ¹⁷ See Cal. Public Resources Code §§ 21155, 21155.1, 21155.2, and 21155.3.
- ¹⁸ CSAC.
- ¹⁹ CSAC.
- ²⁰ See Cal. Health and Safety Code § 43018.5. For additional information about California’s Clean Cars Program, see also http://www.arb.ca.gov/msprog/clean_cars/clean_cars.htm.
- ²¹ See Governor’s Executive Order S-01-07. For additional information about California’s Low Carbon Fuel Standard, see also <http://www.arb.ca.gov/fuels/lcfs/lcfs.htm>.
- ²² See Cal. Health and Safety Code § 38561. For additional information about the AB 32 Scoping Plan and its development, see also <http://www.arb.ca.gov/cc/scopingplan/scopingplan.htm>.
- ²³ See Cal. Gov’t Code § 65080(b)(2)(A).
- ²⁴ See 23 CFR 450.322 (c) and (e).
- ²⁵ For a detailed discussion of the goals of the regional transportation planning process, please see California Transportation Commission (CTC), *2010 California Regional Transportation Plan Guidelines* (Adopted April 7, 2010), § 1 (available at <http://www.dot.ca.gov/hq/tpp/offices/orip/rtp/index.html>).
- ²⁶ See 23 USC 134(c)(3).
- ²⁷ For a detailed discussion of the goals of the regional transportation planning process, please see California Transportation Commission (CTC), *2010 California Regional Transportation Plan Guidelines* (Adopted April 7, 2010), § 1 (available at <http://www.dot.ca.gov/hq/tpp/offices/orip/rtp/index.html>).
- ²⁸ See Title 40, Code of Federal Regulations, § 93.105 and § 93.113 (40 CFR 93). For additional discussion of consultation requirements, please see California Transportation Commission (CTC), *2010 California Regional Transportation Plan Guidelines* (Adopted April 7, 2010), § 5.7, page 90, and § 2 more generally. (available at <http://www.dot.ca.gov/hq/tpp/offices/orip/rtp/index.html>).
- ²⁹ See California Transportation Commission (CTC), *2010 California Regional Transportation Plan Guidelines* (Adopted April 7, 2010), § 5. (available at <http://www.dot.ca.gov/hq/tpp/offices/orip/rtp/index.html>).
- ³⁰ See Title 40, Code of Federal Regulations, § 93 (40 CFR 93).
- ³¹ See Title 40, Code of Federal Regulations, § 93.104 (40 CFR 93) and Title 23 Code of Federal Regulations § 450.322(l). For additional discussion of roles and responsibilities related to the conformity process, please see U.S. Department of Transportation, Federal Highway Administration (FHWA), *Transportation Conformity: A Basic Guide for State and Local Officials* (available at http://www.fhwa.dot.gov/environment/air_quality/conformity/guide/guide06.cfm).

³² See California Transportation Commission website at <http://www.catc.ca.gov/>.

⁵⁵ See *Federation of Hillside and Canyon Associations v. City of Los Angeles*, 126 Cal. App. 4th 1180, 24 Cal. Rptr. 3d 543 (2004).

³³ See Title 23, Code of Federal Regulations, § 450.322 (23 CFR 450), Cal. Government Code Section 65080(b)(4). For additional discussion *please see* California Transportation Commission (CTC), *2010 California Regional Transportation Plan Guidelines* (Adopted April 7, 2010), § 6.3 (available at <http://www.dot.ca.gov/hq/tpp/offices/orip/rtp/index.html>).

³⁴ See Cal. Government Code Section 65080(b)(2)(B).

³⁵ See California Government Code, § 65080(b)(2)(B)(i).

³⁶ See Cal. Gov't Code § 65080(b)(2)(B)(vii).

³⁷ See California Government Code, § 65080(b)(2)(B).

³⁸ See California Government Code, § 65080(b)(2)(B)(iii).

³⁹ See Cal. Gov't Code § 65080(b)(2)(H) and 65050(b)(2)(I).

⁴⁰ See California Government Code, § 65080(b)(2)(I).

⁴¹ See California Government Code, § 65080(b)(2)(J)(ii).

⁴² See Cal. Gov't Code § 65080(b)(2)(j)(iii).

⁴³ See Cal. Government Code Section 65584(d).

⁴⁴ Cal. Gov't Code § 65583 et seq.

⁴⁵ See Cal. Gov't Code § 65584(b).

⁴⁶ See Cal. Gov't Code § 65080(b)(2).

⁴⁷ See Cal. Gov't Code § 65584.04(i)(1).

⁴⁸ See Cal. Gov't Code § 65080(b)(2)(J)(ii).

⁴⁹ See Cal. Pub. Res. Code §§ 21155, 21155.1, 21155.2, and 21155.3.

⁵⁰ A sustainable communities strategy and alternative planning strategy does not regulate the use of land. See Cal. Gov't Code § 65080(b)(2)(J).

⁵¹ See *Understanding SB 375: A Local Official's Guide*, Institute for Local Government, November 2010, p. 20.

⁵² See Cal. Gov't Code § 65080(b)(2).

⁵³ See Cal. Pub. Res. Code § 21155(a).

⁵⁴ See Cal. Gov't Code § 65080(b)(2)(B) and 40 C.F.R. § 93.110.

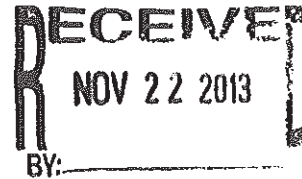
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**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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November 19, 2013

Ms. Lisa Rheinheimer, Executive Director
Council of San Benito County Governments
330 Tres Pinos Rd C7
Hollister, CA 95023

Dear Ms. Rheinheimer,

RE: 5th Cycle Regional Housing Need Determination for Housing Element Updates

This letter provides the Council of San Benito County Governments (San Benito COG) its fifth cycle regional housing need assessment (RHNA) determination for the projection period January 1, 2014 through December 31, 2023. The Department of Housing and Community Development (Department) is required to determine San Benito COG's existing and projected housing need pursuant to State housing law (Government Code Section 65584, et. seq.)

As you know, Senate Bill 375, Chapter 728, Statutes of 2008 (SB 375) amended housing and transportation statutes to further strengthen the coordination of regional housing and transportation planning. Amendments also revised the housing element schedule to require San Benito COG jurisdictions and all others on an 8-year housing element planning period to adopt the 5th cycle housing element no later than 18 months from the adoption date of the RTP update.

The Department prepared San Benito COG's RHNA determination after receipt of notification estimating that the RTP will be adopted on June 19, 2014. Based on the estimated RTP adoption date, December 31, 2015 is the estimated housing element due date. Please note that in the event the RTP is adopted on a different date, the RHNA and projection period will not change but the housing element planning period and element due date will change accordingly. The Department must be notified of any change to the RTP adoption date and then will update the housing element schedule information on its website at: http://www.hcd.ca.gov/hpd/hrc/plan/he/web_he_duedate.pdf.

For your information, Government Code Section 65584.01(d)(1) allows 30 days from the date of this letter to file an objection and proposed alternative to the Department's determination. An objection and proposed alternative must be based only on demographic issues set forth in the statute.

The Department determined San Benito COG's regional housing need to be 2,194 for the 10-year projection period, from January 1, 2014 to December 31, 2023. In assessing San Benito COG's regional housing need, the Department considered the critical role housing plays in developing sustainable communities and supporting employment growth.

The Department further considered San Benito COG's growth forecast and potential for household formation trends to generate housing demand at a changing pace. In determining the regional housing need, consideration was also given to the extraordinary uncertainty regarding national, State, local economies and housing markets. As a result, for this RHNA cycle only, the Department made an adjustment to account for abnormal vacancies and unique market conditions due to prolonged recessionary conditions, high unemployment, and unprecedented foreclosures. (Please see Attachment 2 for more information.)

The Department and representatives of San Benito COG completed the RHNA consultation process specified in statute through correspondence, meetings and conference calls conducted between February and November, 2013. The Department appreciates the assistance you provided throughout the RHNA consultation process. The Department also received assistance from Mr. Walter Schwarm, demographics expert with the Department of Finance's Demographic Research Unit. Data, assumptions, and draft forecasts of population, employment and housing provided by San Benito COG in regards to the above factors were considered.

In completing San Benito COG's RHNA, the Department applied methodology and assumptions regarding the following factors (Government Code Section 65584.01(c)(1)):

- anticipated household growth associated with projected population increases;
- household size data and trends in household size;
- rate of household formation, or headship rates, based on age, gender, ethnicity, or other established demographic measures;
- vacancy rates in existing housing stock, and for healthy housing market functioning and regional mobility, as well as housing replacement needs;
- other characteristics of the composition of the projected population; and
- the relationship between jobs and housing, including any imbalance between jobs and housing.

The Attachments to this letter describe details of the Department's methodology and RHNA income category for San Benito COG to distribute the 2,194 regional housing unit need among all its local governments. Each locality must receive a RHNA share of very-low and low-income units. The distribution of RHNA for lower income, moderate-income, and above-moderate income categories cannot be less than the total for each of these income categories shown in Attachment 1. The RHNA represents the *minimum* amount of residential development capacity all jurisdictions must plan to accommodate through zoning and appropriate development strategies. RHNA is not to be used within local general plans as a maximum amount or cap of residential development to plan for or approve.

Upon receipt of the Department's final RHNA determination, San Benito COG is responsible for developing a RHNA distribution methodology and adopting a RHNA Plan for the projection period of January 1, 2014 through December 31, 2023. Housing element law (Government Code Section 65584, et. seq.) requires San Benito COG's methodology and RHNA Plan to be consistent with the following objectives:

- increasing the housing supply and mix of housing types, tenure, and affordability;
- promoting infill development and socio-economic equity, protecting environmental and agricultural resources, and encouraging efficient development patterns;
- promoting an improved intraregional relationship between jobs and housing; and
- balancing the distribution of households by income category.

Ms. Lisa Rheinheimer

Page 3

Pursuant to Government Code Section 65584.05(h), San Benito COG is required to submit its RHNA Plan to the Department for approval within three days of adopting the RHNA Plan. Once the Department has approved the RHNA Plan, San Benito COG is to distribute to all its local government members their income category shares of new housing needs to be addressed in their housing element updates covering the 2015 - 2023 planning period.


Transfers of housing need among local governments are permitted pursuant to Government Code Section 65584.07. RHNA transfer agreements between local governments may occur until adoption of the RHNA Plan. Once San Benito COG has adopted its RHNA Plan and until the housing element due date, transfers meeting specified conditions may only occur from the county to cities within the county. Transfers after the due date of the housing element are restricted to annexations and incorporations and must be completed within specified timeframes. The number of units by income to be transferred are determined either based on mutual agreement between affected local governments, or, when no agreement is reached, by the entity responsible for allocating housing need (San Benito COG). The Department must be notified of all transfers; jurisdictions affected by RHNA transfers must amend their housing element within a specified timeframe.

In updating their housing elements, local governments may only take RHNA credit for units approved (entitled or permitted) since the January 1, 2014 start date of the RHNA projection period. Localities are also required to describe how units were credited to different income categories based on actual or projected sale price or rent level data.

Any city planning to accommodate a portion of RHNA on sites within a city's Sphere of Influence (SOI) needs to include an annexation program in the housing element. The annexation program needs to demonstrate SOI sites can be annexed early enough in the planning period to make adequate sites available before triggering penalties pursuant to Government Code sections 65583(c)(1)(A), and 65583(f).

The Department commends San Benito COG efforts in its election to meet the objectives of SB 375 and appreciates your assistance. We look forward to a continued partnership with San Benito COG and its member jurisdictions in planning efforts to accommodate the region's housing need. If you need assistance or have any question, please contact me or Anda Draghici, Housing Policy Senior Specialist, at (916) 263-2911.

Sincerely,



Glen A. Campora
Assistant Deputy Director

Enclosures

HCD - ATTACHMENT 1

San Benito 5th CYCLE REGIONAL HOUSING NEED DETERMINATION Projection Period: January 1, 2014 through December 31, 2023

Income Category	Percent	Regional Housing Need (rounded) ⁽¹⁾
Very-Low	23.7%	520
Low	14.4%	315
Moderate	19.6%	430
Above-Moderate	42.3%	929
Total	100.0% ⁽²⁾	2,194 ⁽³⁾

(1) The statutory objective regarding RHNA requires HCD, in consultation with Department of Finance (DOF) and councils of governments (COGs), to determine projected household growth and housing need based on DOF population projections and COG regional population forecasts and requires regional and local jurisdictions to plan to accommodate capacity for all of the projected RHNA. The Legislature recognizes that different assumptions and variances in methodologies can be used that can result in different population projections. Projection of housing need developed by DOF and HCD for RHNA purposes does not consider local government constraints.

For this RHNA cycle only (due to unique conditions not expected to recur to impact future RHNA cycles), the housing need was adjusted downward to account for an estimated 80 percent absorption and 20 percent non-absorption level of unprecedented high vacancies in existing stock due to extraordinary conditions including high foreclosures and economic uncertainties.

(2) The income category percentages reflect the minimum percentage to apply against the total RHNA of 2,194 or more decided by San Benito COG in determining housing need for very-low, low, and moderate income households. Each category is defined by Health and Safety Code (Section 50093, et seq.). Percentages are derived from the 2007-2011 American Community Survey's number of households by income, over 12 month periods. Housing unit need under each income category is derived from multiplying the portion of households per income category against the total RHNA determination.

(3) The 2,194 determination (see Attachment 2) reflects San Benito COG's projected minimum housing need (rounded), using an adjustment (-13) for existing excess vacant units in estimating 20% of vacant units will not be absorbed before 2014. This column represents the minimum housing need that San Benito COG's RHNA Plan must address in total and also for very-low, low, and moderate income categories.

Housing Element schedule (Subject to change if estimated RTP adoption date changes):

Estimated 5th Housing Element Update Due Date: **December 31, 2015**

HCD - ATTACHMENT 2
2014-2023 REGIONAL HOUSING NEED DETERMINATION: San Benito COG

HCD Determined Population, Households, & New Housing Need: January 1, 2014-December 31, 2023(10 years)				
1	Population: December 31, 2023 (DOF Projections)			63,256
2	less: Group Quarters Population DOF projection			305
3	Household (HH) Population December 31, 2023 (DOF Projections)			62,952
	Household Formation Groups	2023 HH Population	HH Formation or Headship Rate	2023 Households
	All Age Groups (DOF)			19,222
	Under 15			
	15 - 24 years	8,900	30.96%	2,755
	25 - 34 years	8,630	36.17%	3,121
	35 - 44 years	7,139	52.51%	3,749
	45 - 54 years	7,558	55.19%	4,171
	55 - 64 years	7,974	40.81%	3,255
	65 -74 years	6,140	26.68%	1,638
	75 - 84 years	2,749	19.39%	533
	84+	891	0.00%	0
4	Projected Households-December 31, 2023			19,688
5	less: Households at Beginning of Projection Period (January, 2014)			17,559
6	Household Growth: 10 Year Projection Period			2,129
7	Vacancy Allowance	Owner	Renter	Total
	Tenure Percentage per 2010 Census	65.02%	34.98%	
	HH Growth by Tenure	1,384	745	2,129
	Healthy Vacancy Rate	2.00%	5.00%	
	Vacancy Allowance	28	37	65
8	Replacement Allowance (minimum)	0.53%		2,194
				2,207
9	less: Adjustment for Absorption of Existing Excess Vacant Units			
	Estimate 80% Absorbed, 20% Not Absorbed by 2014	Effective Vacant Units	Healthy Market Units	Differential
	Derived (2010 Census, HH Growth, & Vacancy Rate)	(578)	575	-3
	Total 2013 Housing Stock	18,090		
	Existing Vacant Unit (Others) Adjustment	1.68%	1.35%	
	Total Adjusted Existing Vacant Units (Others)	(305)	244	-60
	Estimated Vacant Units Not Absorbed by 2014	20%		-63
				-13
FINAL REGIONAL HOUSING NEED DETERMINATION				2,194

- Population:** Pursuant to Government Code Section 65584.01(b), and in consultation with SBCOG, the December 31, 2023 is based on State of California, Department of Finance, Report P-2: State and County Population Projections by Race/Ethnicity, and 5-year age-group, 2010-2060. Sacramento, California, January 2013 available at: <http://www.dof.ca.gov/research/demographic/reports/projections/P-2/>
- Group Quarter Population:** Estimate of persons residing either in a group home, institution, military, or dormitory using 2010 Census data for group quarters. As this population doesn't constitute a "household" population generating demand for a housing unit, the group quarter population is excluded from the calculation of the household population, and is not included in the housing need.
- Household (HH) Population:** The portion of population projected to reside in housing units after subtracting the group quarter population from total projected population.
- Projected 2023 Households (HHs):** The December 31, 2023 number of households is projected by applying (to 2023 HH population by age, race and ethnicity) DOF-calculated household formation rates. The HH Population composition by age was provided by DOF. The use of the HH population is a result of consultation between HCD, DOF and SBCOG. The headship rates reflect the propensity of different population groups (age, racial and ethnic) to form households.

HCD - ATTACHMENT 2
2014-2023 REGIONAL HOUSING NEED DETERMINATION: San Benito COG

- 5 **Households at Beginning of Projection Period (2014):** The baseline number of households at the beginning of the projection period (January 2014) must be projected, as a direct effect of amendment to Section 65588(e)(6) specifying the new projection period to start on either June 30 or December 31 whichever date most closely precedes the end of the current housing element period (June 30, 2014 for SBCOG). As such, the 2014 household number was provided by DOF's Projections.
- 6 **Household (HH) Growth:** Projected HH growth calculated as difference between households at the end and at the beginning of the RHNA projection period.
- 7 **Vacancy Allowance:** An allowance (unit increase) is made to facilitate availability and mobility among owner and renter units. Owner/Renter % is based on Census 2010 data. A smaller rate is applied to owner units due to less frequent mobility than for renter households. Information from a variety of authoritative sources supports an acceptable range of 1 to 4% for owner units and 4 to 8% for renter units depending on market conditions.
- 8 **Replacement Allowance:** Rate (0.53%) reflects the housing losses (demolitions) based on localities annually reported to DOF each January for years 2003-2011.
- 9 **Adjustment for Absorption of Existing Excess Vacant Units:** For this RHNA cycle only (due to extraordinary uncertainty regarding conditions impacting the economy and housing market not expected to similarly impact future RHNA cycles), a one-time adjustment was made to account for unprecedented high vacancies in existing stock due to unusual conditions including high foreclosures and economic uncertainties. An absorption rate of 80% of existing excess vacant units is assumed to occur in shrinking current excess vacant units before the start of the 2014 RHNA projection period. This results in applying a 20% adjustment to account for units not absorbed, in deriving a downward adjustment of (- 13). Existing housing stock consists of two components: (1) housing units for sale and rent in existing housing stock that are above the housing units required to maintain the healthy market condition, calculated as the number of units in housing stock (for sale + for rent + sold, not occupied+rented, not occupied + occupied units), (2) housing units in the "vacant units others" category of existing housing stock above the level of 2000 (using Census 2000). The Department used 2010 Census Demographic profile data (DP-1) and "normal" vacancy rates by tenure, in conjunction with the region's household growth and proposed household formation rates. The vacancy adjustment is limited to not exceed the differential between the 2010 Census vacant units and the healthy market vacant units rate associated with the region's annual household growth. As the adjustment was below the differential, the adjustment was applied in calculating the RHNA determination.

RHNA Projection Period January 1, 2014 to December 31, 2023: Pursuant to SB 375, the start of the *projection* period (in effect January 1, 2014) was determined pursuant to GC 65588(e)(6), which requires the new projection period to start on June 30 or December 31 that most closely precedes the end of the current housing element period, which for SBCOG region is June 30, 2014. The end of the projection period was determined pursuant to GC 65588(e)(5) to be the end of the housing element planning period. *Note: For projection purposes the end of the projection period is rounded to the end of the month.*

Estimated 8-year Housing Element Planning Period December, 2015 to December, 2023: Subject to change, as it is based on the estimated June 19, 2014 SBCOG RTP adoption date. Pursuant to SB 375, the start of the *planning* period was determined pursuant to GC 65588(e)(5), 18 months from the estimated adoption date of SBCOG's Regional Transportation Plan, as notified by SBCOG to HCD, with the date rounded to the end of month for projection purposes. The end of the planning period was calculated pursuant to GC 65588(e)(3)(A), 18 months after the adoption of the second RTP, provided that it is not later than eight years from the adoption of the previous housing element. If the actual RTP adoption date differs from the estimated date of June 19, 2014, the RHNA determination and the projection period will not change, however the housing element due date, and implicitly, the housing element planning period would change accordingly.