

Section Directors' Session

Is Planning Bigger Than California Law?

Session 476

Monday, October 8, 2018

3:15 to 4:45

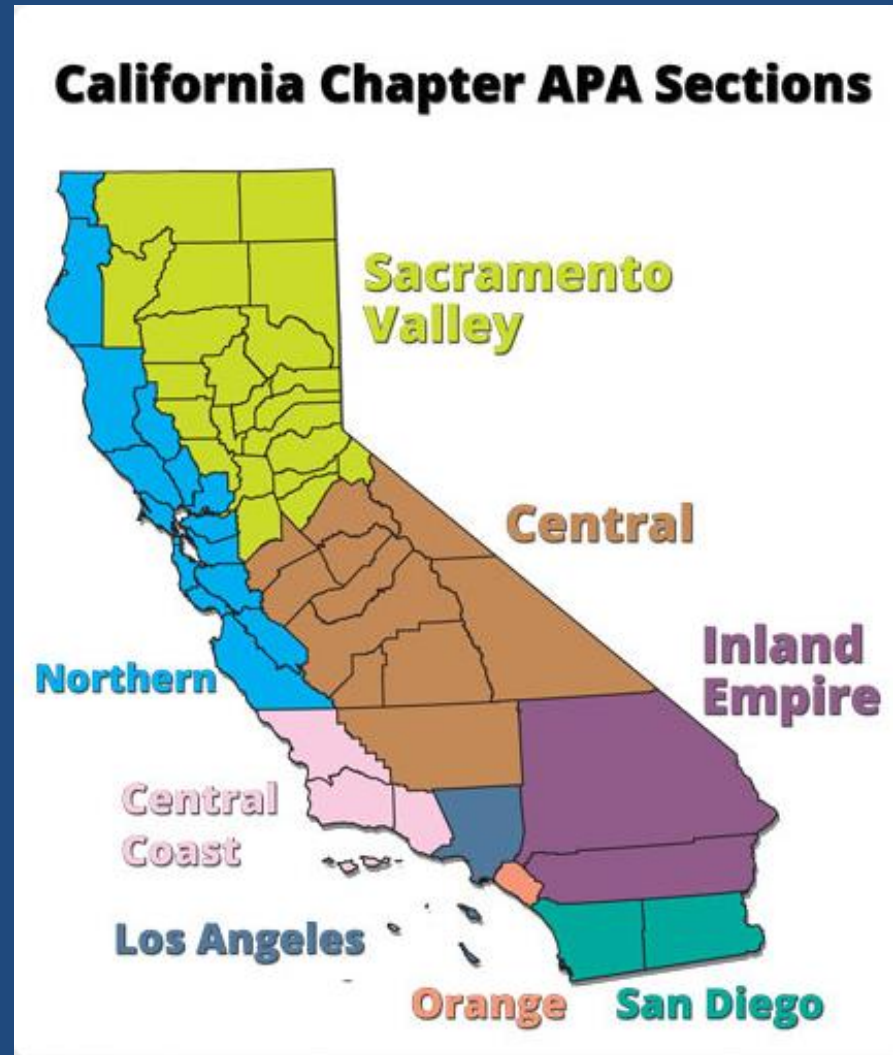
Room: Nautilus 2

CM 1.5

Welcome to the Section Directors' Session

Each conference reserves a session presented by the eight Section Directors.

An opportunity to address issues facing 'the troops' in the cities, counties, and MPO's.



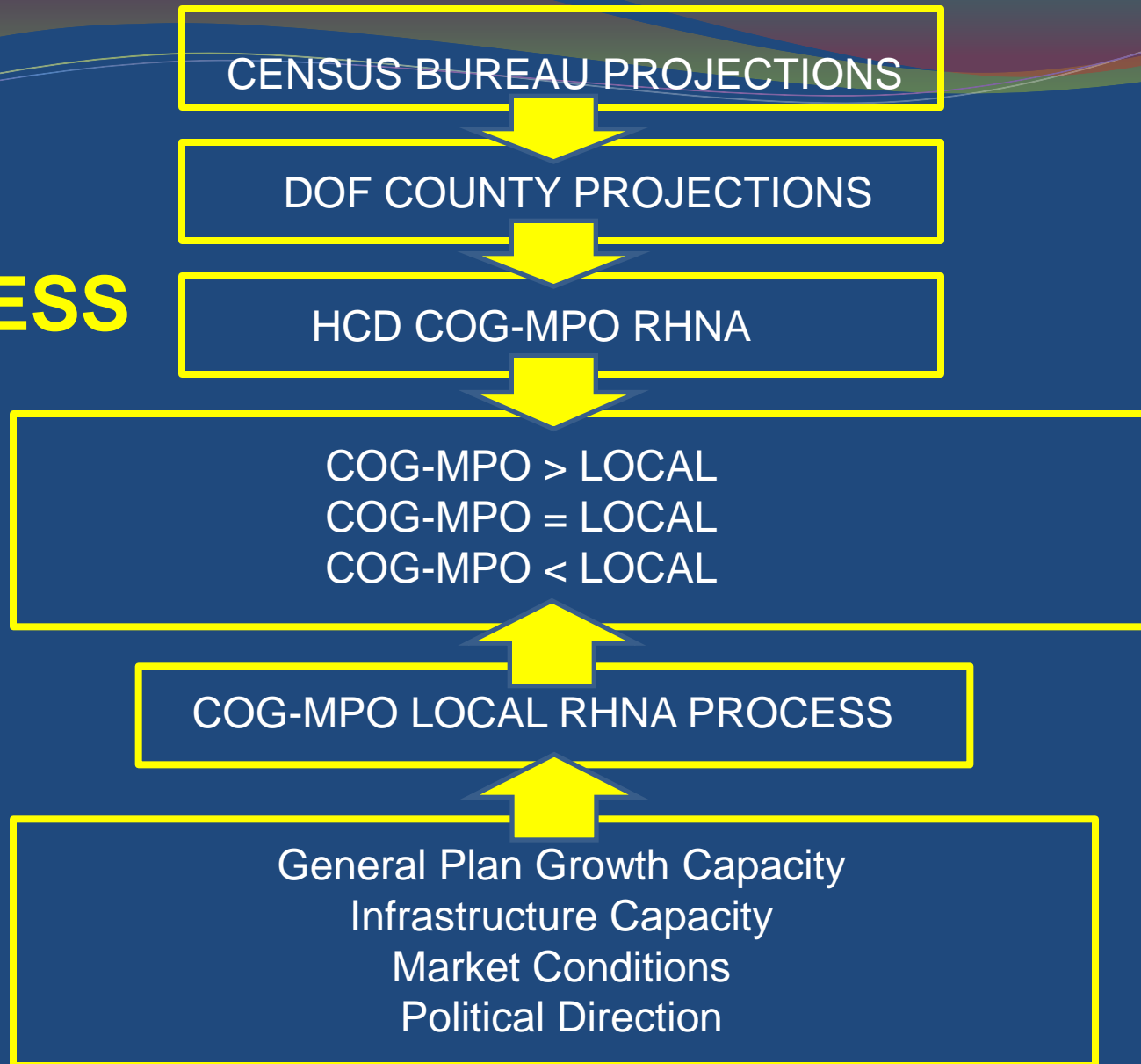
This year, there may be no bigger issue than housing and the 2017 State laws related to RHNA.

1. You are familiar with Housing Elements, Regional Housing Needs Assessment (RHNA) process, and the housing bills enacted in 2017 (SB35, etc.)
2. You are familiar with Census Bureau terminology.
 - Household + Group Quarters = Total Population
 - Household = Occupied Unit
 - Total Units = Occupied + Vacants
3. Session focus is on Total Units.

Four Parts:

- 1 DOF review of basic methodology used in population projections, and context.
- 2 Review of HCD methodology that leads to COG-MPO level RHNA.
- 3 Panel Discussion: Is Planning bigger than implementing State Law (RHNA)?
- 4 Audience Q&A: What are take-aways?

BASIC RHNA PROCESS



List of MPO Acronyms Used Throughout this Report

AMBAG – Association of Monterey Bay Area Governments

Butte CAG – Butte County Association of Governments

Fresno COG – Fresno Council of Governments

Kern COG – Kern Council of Governments

Kings CAG – Kings County Association of Governments

Madera CTC – Madera County Transportation Commission

Merced CAG – Merced County Association of Governments

MTC/ABAG – Metropolitan Transportation Commission/Association of Bay Area Governments

SACOG – Sacramento Area Council of Governments

SANDAG – San Diego Association of Governments

Santa Barbara CAG – Santa Barbara County Association of Governments

SCAG – Southern California Association of Governments

Shasta RTA – Shasta Regional Transportation Agency

San Joaquin COG – San Joaquin Council of Governments

San Luis Obispo COG – San Luis Obispo Council of Governments

Stanislaus COG – Stanislaus Council of Governments

Tahoe MPO – Tahoe Metropolitan Planning Organization

Tulare CAG – Tulare County Association of Governments

1) DOF Methodology and Context

Dr. Walter Schwarm, DRU Research Director

- The Demographic Equation.
- Past and present California population context.
- Current US and CA projections.
- County-level projections.
- Role of migration (intra-state, inter-state, international).
- How is “headship” rate projected?
- County data provided to HCD.

[go to DRU slides]

2) Review of HCD Methodology

HCD's 6th Cycle Methodology for COG-MPO: 2020 to 2029
(used for other COGs and MPOs).

DOF Source Data (by county, June 30) – 2017 thru 2030:

- A. Population X 4Races (White NH, Black NH, Hisp, & Others)
- B. 10-yr cohort headship rates X 4Races
- C. Households (headship rates X cohort population)
- D. Calculated HHlds, TotPop, GQ, Hhld pop, Persons/Hhld

A

	B	E	F	G	H	I	J	K	L	M	N	O
1	COUNTY COG-MPO											
2	Race Name	Year	Total: 0 to 14 years	Total: 15 to 24 years	Total: 25 to 34 years	Total: 35 to 44 years	Total: 45 to 54 years	Total: 55 to 64 years	Total: 65 to 74 years	Total: 75 to 84 years	Total: 85 years +	Total HH Pop
3	Total Population	2017	664669	431358	431604	424315	411506	393104	270137	132973	61636	3221303
4	Hispanics	2017	303944	196223	158865	147636	132099	91575	47269	22611	8990	1109212
5	White, Not Hispanic	2017	224843	149024	183810	188033	197393	230008	177281	87189	44433	1482013
6	Black, Not Hispanic	2017	29977	21809	21223	19625	19598	18584	10061	4695	1497	147070
7	Other races, Not Hispanic	2017	105905	64303	67705	69021	62415	52937	35526	18478	6716	483007

B

	B	E	F	G	H	I	J	K	L	M
1	COUNTY COG-MPO									
2	Race/Ethnicity	Year	HR: 15-24	HR: 25-34	HR: 35-44	HR: 45-54	HR: 55-64	HR: 65-74	HR: 75-84	HR: 85+
3	Total Population	2017	0.117559	0.396664	0.482144	0.515941	0.546725	0.580124	0.615291	0.672771
4	Hispanics	2017	0.082814	0.335495	0.442287	0.47951	0.472224	0.470716	0.511421	0.496323
5	White, Not Hispanic	2017	0.155919	0.451303	0.520322	0.547634	0.586113	0.628552	0.673859	0.746482
6	Black, Not Hispanic	2017	0.137552	0.460723	0.549336	0.581548	0.626034	0.67958	0.697266	0.670597
7	Other races, Not Hispanic	2017	0.127897	0.371773	0.444282	0.472232	0.47662	0.455876	0.445194	0.421797

C

	B	E	F	G	H	I	J	K	L	M	N
1	COUNTY COG-MPO										
2	Race Name	Year	Total: 15 to 24 years	Total: 25 to 34 years	Total: 35 to 44 years	Total: 45 to 54 years	Total: 55 to 64 years	Total: 65 to 74 years	Total: 75 to 84 years	Total: 85 years +	Total HH
3	Total Population	2017	50710	171202	204581	212313	214920	156713	81817	41467	1133723
4	Hispanics	2017	16250	53299	65297	63343	43244	22250	11564	4462	279709
5	White, Not Hispanic	2017	23236	82954	97838	108099	134811	111430	58753	33168	650289
6	Black, Not Hispanic	2017	3000	9778	10781	11397	11634	6837	3274	1004	57705
7	Other races, Not Hispanic	2017	8224	25171	30665	29474	25231	16196	8226	2833	146020

D

	A	B	E	F	G	H	I	J
1		County COG-MPO						
2	Race Code	Race Name	Year	Total HH	Total Pop	- Group Quarters	HH Pop	PPH
3	001	Total Population	2017	1,133,723	3,327,562	-106,259	3,221,303	2.841
16	001	Total Population	2030	1,261,238	3,638,609	-118,907	3,519,702	2.791

Start with DOF data:

- A. Adjust for RHNA time period difference from June 30 DOF.
- B. Add back demolitions (annual local data provided to DOF.)
- C. Use 2012-2016 (5-year) ACS vacancy rates by tenure.
- D. Use 2016 (5 year) household income distribution (inflation adjusted to 2016).
- E. Using 2016 Hlhd median income, tally Hhlds:
Extremely low < 30% Very low 31-50% Low 51-80%
Moderate 81-120% Above Moderate > 120%

COG-MPO, 2016 Median HHLD \$66,529

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	Determination of County's Number/Percentage of Households By Income Category													NOTE: THIS TAB FORMULAS LINKED TO OTHER TABS	
2	Census ACS (5 yr 2016)														
3	County COG-MPO														
4							Income Limits in Each Category:						If Applicable: Update "Census ACS (5 yr 2016)"		
5						County Median Household Income:	\$66,529	Percent of Median	Minimum	Maximum					
6								30% Extremely Low	-	\$ 19,959					
7								50% Very Low	\$ 19,960	\$ 33,259				Source:	
8								80% Low	\$ 33,260	\$ 53,219				Census DP03 (ACS, 5 yr 2016)	
9								120% Moderate	\$ 53,220	\$ 79,829					auto fills from
10								Above Moderate	\$ 79,830	no limit				Tab 4, Col A	
11	Households in Bracket	Income Brackets		Extremely Low	carryover	Very Low	carryover	Low	carryover	Moderate	carryover	Above Moderate	Total	1,103,128	
12	61,158	\$ -	\$ 9,999	61,158									Less than \$10,000	61,158	
13	44,613	\$ 10,000	\$ 14,999	44,613									\$10,000 to \$14,999	44,613	
14	89,665	\$ 15,000	\$ 24,999	44,469	45,196	45,196							\$15,000 to \$24,999	89,665	
15	92,689	\$ 25,000	\$ 34,999	-	-	76,560	16,129	16,129					\$25,000 to \$34,999	92,689	
16	130,767	\$ 35,000	\$ 49,999	-	-	-	-	130,767					\$35,000 to \$49,999	130,767	
17	187,872	\$ 50,000	\$ 74,999	-	-	-	-	24,191	163,681	163,681			\$50,000 to \$74,999	187,872	
18	141,686	\$ 75,000	\$ 99,999	-	-	-	-	-	-	27,369	114,317	114,317	\$75,000 to \$99,999	141,686	
19	180,481	\$ 100,000	\$ 149,999	-	-	-	-	-	-	-	-	180,481	\$100,000 to \$149,999	180,481	
20	84,607	\$ 150,000	\$ 199,999	-	-	-	-	-	-	-	-	84,607	\$150,000 to \$199,999	84,607	
21	89,590	\$ 200,000	\$ -	-	-	-	-	-	-	-	-	89,590	\$200,000 or more	89,590	
22													Median income (dollars)	\$66,529	
23				150,240		271,996		171,088		191,050		468,995	1,103,128	totals agree	
24				13.62%		24.7%		15.5%		17.3%		42.5%	100.0%		
25				(Extremely Low included with Very Low)											
26	Note: "carryover" column reflects calculation of households (ratio) counted in next income group. Group Income														
27	is calculated by multiplying county median income against percentage (50%/80%/120%) representing income category														
28	Source: Census Table DP03 (ACS, 5 yr 2016)														
29	http://factfinder2.census.gov/bkmk/table/1/0/en/ACS/16_5YR/DP03/0600000US3400228740														

Calculating RHNA total need:

F. Then, starting with DOF out-year projection (modified to match RHNA cycle period) i.e. 2029:

Total Households/occupied units applying DOF headship rates

- Adjust for local vacancy (usually too low)
- Adjust for local overcrowding
- Add back demolitions

Total 2029 Housing Units	1,327,570
Subtract 2020 Units (est.)	-1,155,885
Difference (COG-MPO need)	171,685

COG-MPO, 2029 RHNA Need

	A	B	C	D	E	F
1		COG/MPO: June 30 2020-April 15 2029 (8.8 years) HCD Determined Population, Households, & Housing Unit Need				
2	1	Population: April 15, 2029 (DOF June 30, 2029 projection <i>adjusted - 2.5 months to April 15 2029</i>)				3,613,215
3	2	- Group Quarters Population (DOF June 30 2029 projection <i>adjusted -2.5 months to April 15 2029</i>)				-118,075
4	3	Household (HH) Population				3,495,140
5		Household Formation Groups	HCD Adjusted DOF Projected HH Population	DOF HH Formation Rates	HCD Adjusted DOF Projected Households	
6			3,495,140		1,251,115	
7		under 15 years	648,185	n/a	n/a	
8		15 - 24 years	504,775	9.98%	50,356	
9		25 - 34 years	402,920	37.25%	150,099	
10		35 - 44 years	399,705	46.54%	186,020	
11		45 - 54 years	428,715	50.72%	217,455	
12		55 - 64 years	388,650	53.69%	208,648	
13		65 - 74 years	380,010	57.98%	220,348	
14		75 - 84 years	250,550	62.03%	155,414	
15		85+	91,630	68.51%	62,775	
16	4	Projected Households (Occupied Unit Stock)				1,251,115
17	5	+ Vacancy (Maximum Standard 5% vs County ACS %)	5.00%	2.48%	2.52%	31,500
18	6	+ Overcrowding (US avg % vs. County ACS %)	3.34%	6.43%	3.09%	38,700
19	7	+ Replacement Adj (.5% min, 5% max, vs.% DOF Demolitions)	.5 - 5%	0.32%	0.50%	6,255
20	8	- Occupied Units (HHs) estimated January 1 2020				-1,155,885
21		6th Cycle Regional Housing Need Assessment (RHNA)				171,685

Age-cohort data helps understand type of housing market.

Tab by Income Level:

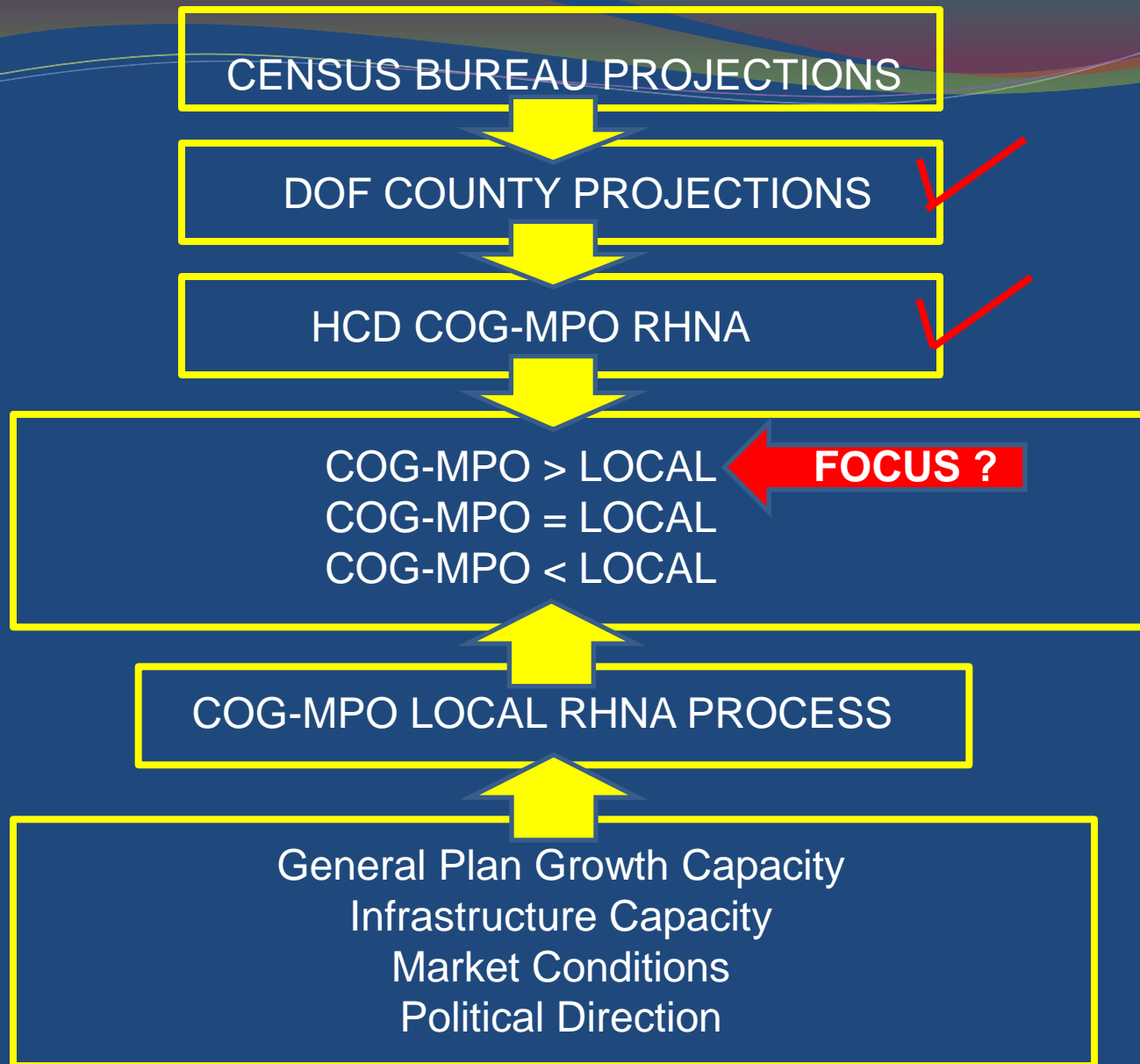
G. Apply the percentage in income groups to RHNA Need:

HCD REGIONAL HOUSING NEED DETERMINATION			
COG/MPO: January 1 2020 through April 15 2029			
<u>Income Category</u>	<u>Percent</u>	<u>Housing Unit Need</u>	
Very-Low *	24.7%		42,332
Low	15.5%		26,627
Moderate	17.3%		29,734
Above-Moderate	42.5%		72,992
Total	100.0%		171,685
* Extremely-Low	13.6%	included in Very-Low Category	

Thank you Dr. Schwarm...

My takeaway on both:

- Traditional demographic analyses,
- Best available data,
- Two “trend extensions” play a role:
 - Headship Rate
 - Intra-state county-level migration



3) Is Planning bigger than implementing State Law (RHNA)?

Before we begin a panel discussion to answer this question:

Some interesting studies and advice to consider:

- A 1972 Rockefeller Commission on Population
- B 2000 ICMA Green Book
- C 2003 PPI article on Housing Elements
- D 2005 APA Code of Ethics
- E 2018 Federal Reserve Study
- F 2018 Projection methodology assumptions

A. Rockefeller Commission, 1972

1970:

US 205 million

CA 20 million

2018:

US 327 million

CA 40 million

THE ROCKEFELLER COMMISSION REPORT

Population and the American Future

The Report of The Commission on Population Growth and the American Future

from: The Center for Research on Population and Security

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The Report of The Commission on Population Growth and the American Future

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One of the most serious challenges to human destiny in the last third of this century will be the growth of the population. Whether man's response to that challenge will be a cause for pride or for despair in the year 2000 will depend very much on what we do today. If we now begin our work in an appropriate manner, and if we continue to devote a considerable amount of attention and energy to this problem, then mankind will be able to surmount this challenge as it has surmounted so many during the long march of civilization.

Richard Nixon

July 18, 1969

Transmittal Letter

“..have not found,
any convincing
economic
argument for
continued
population growth”

“... towards
increasing public
knowledge of the
causes and
consequences...”

March 27, 1972

To the President and Congress of the United States:

I have the honor to transmit for your consideration the Final Report, containing the findings and recommendations, of the Commission on Population Growth and the American Future, pursuant to Sec. 8, PL 91-213.

After two years of concentrated effort, we have concluded that, in the long run, no substantial benefits will result from further growth of the Nation's population, rather that the gradual stabilization of our population through voluntary means would contribute significantly to the Nation's ability to solve its problems. We have looked for, and have not found, any convincing economic argument for continued population growth. The health of our country does not depend on it, nor does the vitality of business nor the welfare of the average person.

The recommendations offered by this Commission are directed towards increasing public knowledge of the causes and consequences of population change, facilitating and guiding the processes of population movement, maximizing information about human reproduction and its consequences for the family, and enabling individuals to avoid unwanted fertility.

To these ends we offer this report in the hope that our findings and recommendations will stimulate serious consideration of an issue that is of great consequence to present and future generations.

B. ICMA “Green Book”

The Practice of Local Government Planning (3rd ed.)

“When using the standard methods of population projection, planners need to recognize that the results are hypothetical and to resist the temptation to assume that these results describe the most probable future (the truth) or the most desirable one (the ideal).”

“...elected officials...adopt analyst’s hypothetical projections of possible futures without understanding their conditional nature or evaluating their underlying assumptions”

Chapter 4, Population Analysis, pg. 82.



C. Public Policy Institute Study, 2003

Paul G. Lewis “CA’s Housing Element Law: Issue of Local Noncompliance”

“Lewis concludes that the time is ripe for policymakers and affected interest groups to seek a more workable, transparent, and straightforward approach to housing....Lewis warns that using a fair-share planning approach [*enacted in 1969 as regional ‘fair share’*] as a tool to encourage overall housing production places an unrealistic burden on a fairly fragile policy.”

David. E. Lyon, President and CEO. PPIC

D. APA Code of Ethics

Adopted March 19, 2005

Effective June 1, 2005

Revised April 1, 2016

A: Principles to Which We Aspire

1. Our Overall Responsibility to the Public

b) We shall have special concern for the long-range consequences of present actions.

E. Federal Reserve Study, 2018

Elliot Anenberg and Edward Kung

Can More Housing Supply Solve the Affordability Crisis? Evidence from a Neighborhood Choice Model

“We find that the rent elasticity is low, and thus marginal reductions in supply constraints alone are unlikely to meaningfully reduce rent burdens...rental rates are more closely determined by the level of amenities in a neighborhood”

F. Projection Methodology

Modeling methodology for the 2016 baseline California population projections.

California State Department of Finance* January 20, 2018

6. Assumptions and limitations.

“The projection models rely heavily on trends and relationships observed in the past.”

“The projection assumes sufficient resources to support population growth (or the development of more efficient/productive technology).”

For discussion we have two Section Directors :

Rachel Hurst, San Diego Section

Rob Terry, Central Section

Questions for the panel:

QUESTION 1

To what extent does a community have an obligation to plan to accommodate local growth (i.e. natural increase)?

QUESTION 2

There is an argument that increasing housing supply to lower costs, especially in desirable areas, will lead to higher “elastic” demand, resulting in higher costs again.

At best, we ‘open a window’ for a period?

QUESTION 3

Is there a State Plan that coordinates State agencies and capital programs with RHNA? Is that SB 375?

QUESTION 4

Does it concern Sacramento that adding housing now leads to more growth later, need for more housing later, and we never 'solve' demand – but enable more ?

Will your children be here in 2055 at a session on high housing costs, and the State population will be 50 million?

4. What can/should your CA APA do? What are the takeaways?

- No Action.
- Request the new Governor and/or academic community convene a “California Population Growth” Blue-Ribbon commission modeled on 1972 National Commission.
- Work with DOF and HCD on alternative methodology?

- Communicate that HCD and DOF are using best available data and methodology.
- Focus on distributing RHNA within COG-MPO in more equitable manner.
- Allow for redistributing COG-MPO RHNA need to other areas that desire more growth, and support with funding.
- Other ?

Thanks for coming...