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

CENSUS BUREAU PROJECTIONS

DOF COUNTY PROJECTIONS

HCD COG-MPO RHNA

COG-MPO > LOCAL
COG-MPO = LOCAL
COG-MPO < LOCAL

COG-MPO LOCAL RHNA PROCESS

General Plan Growth Capacity
Infrastructure Capacity
Market Conditions
Political Direction
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMBAG</td>
<td>Association of Monterey Bay Area Governments</td>
</tr>
<tr>
<td>Butte CAG</td>
<td>Butte County Association of Governments</td>
</tr>
<tr>
<td>Fresno COG</td>
<td>Fresno Council of Governments</td>
</tr>
<tr>
<td>Kern COG</td>
<td>Kern Council of Governments</td>
</tr>
<tr>
<td>Kings CAG</td>
<td>Kings County Association of Governments</td>
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<tr>
<td>Madera CTC</td>
<td>Madera County Transportation Commission</td>
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<tr>
<td>Merced CAG</td>
<td>Merced County Association of Governments</td>
</tr>
<tr>
<td>MTC/ABAG</td>
<td>Metropolitan Transportation Commission/Association of Bay Area Governments</td>
</tr>
<tr>
<td>SACOG</td>
<td>Sacramento Area Council of Governments</td>
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<td>SANDAG</td>
<td>San Diego Association of Governments</td>
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<tr>
<td>Santa Barbara CAG</td>
<td>Santa Barbara County Association of Governments</td>
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<td>SCAG</td>
<td>Southern California Association of Governments</td>
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<td>Shasta RTA</td>
<td>Shasta Regional Transportation Agency</td>
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<td>San Joaquin Council of Governments</td>
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<td>San Luis Obispo COG</td>
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<td>Stanislaus COG</td>
<td>Stanislaus Council of Governments</td>
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<td>Tahoe MPO</td>
<td>Tahoe Metropolitan Planning Organization</td>
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<td>Tulare CAG</td>
<td>Tulare County Association of Governments</td>
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</table>
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 HHIds, TotPop, GQ, Hhld pop, Persons/Hhld
<table>
<thead>
<tr>
<th>Race Name</th>
<th>Year</th>
<th>Total: 0 to 14 years</th>
<th>Total: 15 to 24 years</th>
<th>Total: 25 to 34 years</th>
<th>Total: 35 to 44 years</th>
<th>Total: 45 to 54 years</th>
<th>Total: 55 to 64 years</th>
<th>Total: 65 to 74 years</th>
<th>Total: 75 years</th>
<th>Total: 85 years +</th>
<th>Total HH Pop</th>
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<tr>
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<td>2017</td>
<td>664669</td>
<td>431358</td>
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<td>393104</td>
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<tr>
<td>Hispanics</td>
<td>2017</td>
<td>303944</td>
<td>196223</td>
<td>158865</td>
<td>147636</td>
<td>132099</td>
<td>91575</td>
<td>47269</td>
<td>22611</td>
<td>8990</td>
<td>1109212</td>
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<tr>
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<td>2017</td>
<td>224343</td>
<td>149024</td>
<td>183810</td>
<td>188033</td>
<td>197393</td>
<td>230008</td>
<td>177281</td>
<td>87189</td>
<td>44433</td>
<td>1482013</td>
</tr>
<tr>
<td>Black, Not Hispanic</td>
<td>2017</td>
<td>29977</td>
<td>21809</td>
<td>21223</td>
<td>19625</td>
<td>19598</td>
<td>18584</td>
<td>10061</td>
<td>4695</td>
<td>1497</td>
<td>147070</td>
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<tr>
<td>Other races, Not Hispanic</td>
<td>2017</td>
<td>105905</td>
<td>64303</td>
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<table>
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<th>Race/Ethnicity</th>
<th>Year</th>
<th>HR: 15-24</th>
<th>HR: 25-34</th>
<th>HR: 35-44</th>
<th>HR: 45-54</th>
<th>HR: 55-64</th>
<th>HR: 65-74</th>
<th>HR: 75-84</th>
<th>HR: 85+</th>
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<td>2017</td>
<td>0.082814</td>
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<tr>
<td>White, Not Hispanic</td>
<td>2017</td>
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<td>2017</td>
<td>0.137552</td>
<td>0.460723</td>
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<td>0.455876</td>
<td>0.445194</td>
<td>0.421797</td>
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</table>

<table>
<thead>
<tr>
<th>Race Name</th>
<th>Year</th>
<th>Total: 15 to 24 years</th>
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<th>Total: 75 years</th>
<th>Total: 85 years +</th>
<th>Total HH</th>
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<tbody>
<tr>
<td>Total Population</td>
<td>2017</td>
<td>50710</td>
<td>171202</td>
<td>204381</td>
<td>212313</td>
<td>214920</td>
<td>156713</td>
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<td>41467</td>
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<tr>
<td>Hispanics</td>
<td>2017</td>
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<td>53299</td>
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<td>63343</td>
<td>43244</td>
<td>22250</td>
<td>11564</td>
<td>4462</td>
<td>279709</td>
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<tr>
<td>White, Not Hispanic</td>
<td>2017</td>
<td>23236</td>
<td>82954</td>
<td>97838</td>
<td>108099</td>
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<td>Black, Not Hispanic</td>
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<td>3000</td>
<td>9778</td>
<td>10781</td>
<td>11397</td>
<td>11634</td>
<td>6837</td>
<td>3274</td>
<td>1004</td>
<td>57705</td>
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<tr>
<td>Other races, Not Hispanic</td>
<td>2017</td>
<td>8224</td>
<td>25171</td>
<td>30665</td>
<td>29474</td>
<td>25231</td>
<td>16196</td>
<td>8226</td>
<td>2833</td>
<td>146020</td>
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</tbody>
</table>
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%
## Determination of County's Number/Percentage of Households By Income Category

**Census ACS (5 yr 2016)**

### County COG-MPO

<table>
<thead>
<tr>
<th>Household Income Bracket</th>
<th>Income Brackets</th>
<th>Extremely Low</th>
<th>Very Low</th>
<th>Low</th>
<th>Moderate</th>
<th>Above Moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ - - $ 9,999</td>
<td>$ 19,999</td>
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<tr>
<td>$ 10,000 - $ 14,999</td>
<td>$ 24,999</td>
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<td>$ 24,999</td>
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<td></td>
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<tr>
<td>$ 15,000 - $ 19,999</td>
<td>$ 33,219</td>
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<tr>
<td>$ 20,000 - $ 24,999</td>
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<tr>
<td>$ 25,000 - $ 29,999</td>
<td>$ 79,829</td>
<td>$ 79,829</td>
<td>$ 79,829</td>
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</tr>
</tbody>
</table>

**Source:** Census Table DP03 (ACS, 5 yr 2016)

http://factfinder2.census.gov/qgnuf/table/1.0/en/ACS/15YR/DP03/0600000US340723740
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

Age-cohort data helps understand type of housing market.
Tab by Income Level:

Apply the percentage in income groups to RHNA Need:

<table>
<thead>
<tr>
<th>Income Category</th>
<th>Percent</th>
<th>Housing Unit Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very-Low *</td>
<td>24.7%</td>
<td>42,332</td>
</tr>
<tr>
<td>Low</td>
<td>15.5%</td>
<td>26,627</td>
</tr>
<tr>
<td>Moderate</td>
<td>17.3%</td>
<td>29,734</td>
</tr>
<tr>
<td>Above-Moderate</td>
<td>42.5%</td>
<td>72,992</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0%</td>
<td>171,685</td>
</tr>
</tbody>
</table>

* 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
CENSUS BUREAU PROJECTIONS

DOF COUNTY PROJECTIONS

HCD COG-MPO RHNA

COG-MPO > LOCAL
COG-MPO = LOCAL
COG-MPO < LOCAL

COG-MPO LOCAL RHNA PROCESS

General Plan Growth Capacity
Infrastructure Capacity
Market Conditions
Political Direction

FOCUS ?
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
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.
“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.
“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.
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...