



**VENTURA COUNCIL
OF GOVERNMENTS**

MEMORANDUM

TO: Southern California Association of Governments

FROM: Hugh Riley, Executive Director 

BY: Dr. Chris Williamson, VCOG Housing Programs Specialist

SUBJECT: RHNA Reform Comments per AB 101

DATE: August 5, 2022

The 6th Cycle RHNA led for requests for SCAG to pursue reform of the RHNA process. Several issues had been raised by stakeholders related to the regional determination methodology, the use of land planning factors in the SCAG RHNA methodology, and basis for RHNA appeals.

As part of [Assembly Bill 101](#), HCD is tasked with preparing a report on the RHNA reform and making recommendations to the State Legislature by December 31, 2022. While there is currently no information available about HCD's timeline, SCAG is conducting an outreach process to get input and comments on RHNA reform in July and August 2022.

The Ventura Council of Governments (VCOG) represents the 11 Ventura County jurisdictions and is a SCAG subregion. This initial call for RHNA Methodology comments had a very short due date and inadequate time for elected officials and the public to prepare comments. This comment memorandum was prepared by the Executive Director on behalf of VCOG, but we reserve the opportunity for additional comments in the coming review process.

COMMENT 1: We Challenge Reliance on Federal Indicators of Housing Quality

The US Dept. of Housing and Urban Development (HUD) developed a series of housing quality indicators initially using decennial census sample data beginning with the 1940 Census of Housing, now replaced by American Community Survey (ACS). "Crowding" and "Cost-Burden" data are used in the RHNA methodology at all geographic levels (i.e., very small to very large jurisdictions) to allocate RHNA units to simply "change a number mathematically" to a target metric. Both Crowding ("Persons per Room" [PPR]) and Cost Burden (for renters and owners) are derived indicators from other data self-reported by the household respondent, or imputed or allocated for missing data by Census Bureau algorithms. There is non-sampling error associated with each, and the indicators were never intended to be mutually exclusive (i.e., they double count).

Persons per Room is derived by dividing total household persons by total rooms in the unit. "Person" can be of any age. "Rooms" is defined by small-print instructions to the respondent but is usually reported based on the respondent's understanding of a 'room.' A young household in a

one- bedroom apartment with an open floor plan and two infant children where the respondent reads the Census Bureau definition (below) might report three rooms (bedroom, kitchen, combined living/dining room)

For each unit, rooms include living rooms, dining rooms, kitchens, bedrooms, finished recreation rooms, enclosed porches suitable for year-round use, and lodger's rooms. Excluded are strip or pullman kitchens, bathrooms, open porches, balconies, halls or foyers, half-rooms, utility rooms, unfinished attics or basements, or other unfinished space used for storage. A partially divided room is a separate room only if there is a partition from floor to ceiling, but not if the partition consists solely of shelves or cabinets.

https://www2.census.gov/programs-surveys/acs/tech_docs/subject_definitions/2020_ACSsubjectDefinitions.pdf

and be considered overcrowded (4 persons/3 rooms = 1.3 PPR, crowded). Or the same household could report five rooms (kitchen, living, dining, bathroom, foyer) and not be crowded (4 persons / 5 rooms = 0.8 not crowded). Four adults in a one-bedroom unit are certainly undesirable while 2 adults and 2 infants may not be as critical. Yet, the same indicator for both.

Cost Burden is also derived from self-reported income and housing expenses. Whether respondents report all income and expenses is a well-known source of error.

Finally, both indicators take no account as to the size of rooms, size of the housing unit, and the wealth of the household. A 1,000 sf, three-bedroom, 70-year-old post-WWII tract house with small rooms in Paramount is very different than a new, three-bedroom, 2,500 sf townhouse in Santa Monica. Both could be occupied by a two-person household and have the same cost burden: the Paramount owners both have low-income jobs and a \$300,000 mortgage while the Santa Monica residents also have a \$300,000 mortgage on a small retirement income but have considerable equity and IRA's and savings accounts. Both could be classified as 'burdened' using ACS data. The current RHNA methodology takes no account of these obvious errors.

The point is, we question the continued use of HUD-created housing data in the RHNA methodology. There are likely better data available or could be created using the ACS micro-sample data for the SCAG Region that may remove or reduce embedded non-sampling error. HUD data was created to allocate Federal funding, not to drive RHNA methodology that leads to zoning changes and other real financial impacts on residents' property and neighborhoods.

COMMENT 2: Use of American Community Survey (ACS) Tables with High Error

Any statistician knows that sampling error increases as the sample size decreases, possibly to the point where the statistic should not be used at all. ACS list Margins of Error (MOE) in all ACS tables. Yet, the RHNA process never disclosed MOE's in the tables that calculated the RHNA components for every jurisdiction. For small population jurisdictions, the MOE often exceeded the statistic being using in RHNA. The Census Bureau provides significant resources to evaluate sample error, shown below:

ERRORS IN THE DATA.....	12
Sampling Error.....	12
Increase to 5-Year Margins of Error Containing Data Collected in 2020.....	12
Nonsampling Error.....	12
MEASURES OF SAMPLING ERROR.....	13
Confidence Intervals and Margins of Error.....	13
Limitations.....	15
CALCULATION OF STANDARD ERRORS.....	15
Approximating Standard Errors and Margins of Error.....	17
TESTING FOR SIGNIFICANT DIFFERENCES.....	17
CONTROL OF NONSAMPLING ERROR.....	17
Coverage Error.....	18
Nonresponse Error.....	19
Measurement and Processing Error.....	20

https://www2.census.gov/programs-surveys/acs/tech_docs/accuracy/MultiyearACSAccuracyofData2020.pdf

Below is a screenshot of “Gross Rent as a Percentage of Household Income” (i.e., rent cost burden) for Ojai with the MOE shown. Note that the MOE for “35 to 39.9 percent” is +/- 42 for the statistic of 53. This is essentially worthless data, yet would it be used in the RHNA methodology to assign units to Ojai to “reduce rent cost burden?” Were data like this used in RHNA for VCOG members? We assume so.

American Community Survey

B25070 | GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME IN TH

2020: ACS 5-Year Estimates Detailed Tables | Universe: Renter-occupied housing units

Notes | Geos | Years | Topics | Surveys | Codes | Hide | Transpose | Margin of Error | More Tools

Ojai city, California

Label	Estimate	Margin of Error
Total	1,270	+221
Less than 10.0 percent	57	+43
10.0 to 14.9 percent	38	+30
15.0 to 19.9 percent	35	+24
20.0 to 24.9 percent	83	+71
25.0 to 29.9 percent	172	+85
30.0 to 34.9 percent	153	+98
35.0 to 39.9 percent	53	+42
40.0 to 49.9 percent	114	+94
50.0 percent or more	459	+171
Not computed	106	+71

COMMENT 3: Conflict Among State Mandates

This comment is likely repeated by many others, it will be brief and VCOG lends its support to all who make this comment. State agencies operate in “silos” that define their purpose, mission, and programs. Agencies then pass mandates down to cities and counties. All good. Except those cities and counties often receive contradictory mandates from State agencies and are expected to, somehow, satisfy both. RHNA is mandating significant housing development and continuous growth while cities and counties are being told to ration water in what appears to be a permanent drought. There comes a point where two mandates will not work together, they

simply cannot satisfy both. While RHNA “Planning Factors” attempt to take constraints into consideration, there needs to be an “out process” other than legal action for those jurisdictions that simply cannot comply with multiple state contradictory mandates.

COMMENT 4: Common Sense Validity Ignored, Local Planning at Risk

There needs to be some process for a “common sense” review of the RHNA methodology outcomes. The 2021-2029 RHNA tripling of the last RHNA just ignores common sense that there are not enough contractors to build the housing and, even if there were, the huge spike in demand for building supplies and labor would drive costs through the roof, defeating the affordability intent. When government pretends something is “real” when it clearly is not, then we all suffer our credibility.

The RHNA process has become the *de facto* General Plan for many cities and counties, a top-down mandate to meet a housing development target that drives land use and zoning. California has encouraged participatory local planning since the 1960’s. “Let us know your Vision, we will make it happen.” The Planning profession and practice within local governments has to have the public’s trust, and not be seen as a tool for other agendas. In the view of many of our residents, the RHNA process is gradually destroying what Planning has developed by ‘taking over’ local planning to implement top-down growth policies. On the other hand, there is also support for how SCAG has directed RHNA-mandated growth to support a wide range of desirable goals. RHNA puts local planning at risk if the next RHNA is a repeat of the 2021-2029 cycle.