



## Senator Scott Wiener, 11<sup>th</sup> Senate District

### Senate Bill 828 – Fixing RHNA

#### SUMMARY

Senate Bill 828 strengthens the Regional Housing Needs Assessment (RHNA) by increasing state oversight over local and regional housing obligations, and requiring the Department of Housing and Community Development (HCD) to do an audit of California's unmet housing need.

#### BACKGROUND/EXISTING LAW

Under current law, the state and its regional governments go through a process called RHNA every eight years to determine how much housing, at various income levels, local communities are obligated to accommodate.

The Department of Finance and HCD forecast population growth for each region based on a variety of factors, and then regional councils of government (COGs) divide this allocation among its local jurisdictions. HCD confirms that the local numbers add up for each region, and then the local government is required to plan and zone for 100% of their local allocation in the Housing Element of its General Plan.

#### PROBLEM

There are several key issues with RHNA:

First, the state's population forecasts do not take into account historic underproduction of housing, which has been particularly stark over the past several decades. As communities stifle housing construction locally, their population is limited by how many new homes are built, creating the illusion that population growth is slowing or stagnant. This illusion is prevalent even in areas that have thriving job markets and skyrocketing housing demand and prices. There is also no rollover mechanism to ensure that communities who underperform in one cycle are held accountable to their remaining obligation when the next cycle starts, creating a perverse incentive for cities to routinely underperform on RHNA. Over time, their population growth will slow, their previous obligations will be forgiven, and their allocations will be reduced.

Second, each regional government establishes its own unique methodology for allocating housing obligations to local jurisdictions. The state has very little oversight authority over this process. More often than not, this results in heavily

politicized allocations divorced from the data about true housing demand and fair share principles. For example, in the last RHNA cycle, Redondo Beach was allocated 1397 units of housing for an eight-year period, while Hermosa Beach and Manhattan Beach – adjacent and demographically similar coastal communities – were allocated 2 and 37 total units, respectively.

Lastly, after local governments are assigned their housing obligation, they are expected to zone for precisely 100% of that obligation. This underwhelming requirement sets communities up for failure, as not every newly zoned parcel will have development approved and project constructed to full capacity within several years.

#### SOLUTION

SB 828 tackles these issues with various provisions to strengthen RHNA, including:

- Requiring HCD to do a one-time unmet need assessment for every California region before the next housing cycle and add those numbers to the forecasted allocations. This will act as a reset for every part of California to get on track after decades of underproduction.
- Establishing methodologies that acknowledge the particular need for moderate and above-moderate income housing in areas where housing prices are increasing at a rate far faster than wages.
- Authorizing HCD to challenge inequitable allocations between comparable jurisdictions.
- Requiring HCD to rollover deficits from one cycle to the next if a city has underperformed and not met their RHNA.
- Prohibiting planners from purposely underallocating in underperforming cities that will have rollover numbers.
- Requiring Housing Elements to zone for 200% of their housing obligation— not 100%.

#### SUPPORT

Bay Area Council  
Los Angeles Business Council  
Silicon Valley Leadership Group

#### FOR MORE INFORMATION

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