

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

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May 13, 2022

Tony Boren, Executive Director
Fresno Council of Governments
2035 Tulare Street, Suite 201
Fresno, CA 93721

Dear Tony Boren:

RE: Review of Draft Regional Housing Need Allocation (RHNA) Methodology

Thank you for submitting the draft Fresno Council of Government's (Fresno COG) Sixth Cycle Regional Housing Need Allocation (RHNA) Methodology. Pursuant to Government Code Section 65584.04(i), the California Department of Housing and Community Development (HCD) is required to review draft RHNA methodologies to determine whether a methodology furthers the statutory objectives described in Government Code Section 65584(d).

The draft RHNA methodology begins with the total regional determination provided by HCD of 58,298 units. The methodology then establishes base allocations according to each jurisdiction's regional share of (1) existing 2021 population and (2) forecasted growth from 2020 to 2050. Both factors are weighted equally.

Next, the methodology uses five weighted factors to adjust the total RHNA for each jurisdiction:

- Percentage of non-vacant housing units (weighted at 35%) – This factor allocates more RHNA to jurisdictions with higher percentages of non-vacant housing relative to their total housing stock according to Department of Finance data.
- TCAC Opportunity Score (weighted at 20%) – This factor allocates more RHNA to jurisdictions with higher average scores across census geographies within each jurisdiction based on TCAC/HCD opportunity data.
- Regional share of 2020 jobs (weighted at 12.5%) – This factor allocates more RHNA to jurisdictions with higher shares of the county's jobs according to California Employment Development Department data.
- Regional share of projected jobs (weighted at 12.5%) – This factor allocates more RHNA to jurisdictions with higher anticipated shares of the county's jobs between 2020 and 2035 based on Fresno COG growth forecasts.
- Percent of developable land (weighted at 20%) – This factor allocates more RHNA to jurisdictions with more land that is not:
 - Protected farmland according to the California Department of Conservation's Farmland Mapping and Monitoring Program or land registered as Williamson Act land by Fresno County

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- Sensitive wildlife habitat or wetland according to the National Wetlands Inventory
- Within state parks, national parks, or national forest
- Critical habitats according to the California Natural Diversity Database
- Areas at high risk of environmental hazards such as flooding (Federal Emergency Management Agency’s National Flood Hazard Layer), wildfire (CAL FIRE’s Fire and Resource Assessment Program designations), erosion (US Department of Agriculture’s Soil Survey Geographic Database), and earthquakes (US Geological Survey’s fault location data and Alquist-Priolo zones)

Lastly, the methodology uses an income-shift approach to distribute the total RHNA for each jurisdiction across the four income tiers. This adjustment multiplies the difference between the percentage of units in each income tier of the Regional Determination provided by HCD and each jurisdiction’s existing share of units in the income tier by 150%. This adjustment results in jurisdictions with a lower proportion of existing lower income households receiving a higher share of lower income RHNA.

HCD has completed its review of the methodology and finds that the draft Fresno COG RHNA Methodology furthers the statutory objectives described in Government Code 65584(d).¹ Fresno COG’s draft methodology directs more RHNA into cities with higher resource levels and housing costs when you control for the unincorporated county, which receives a lower allocation in line with the second objective (promoting infill and protecting agricultural resources). Further, the methodology allocates more lower income RHNA to cities with higher incomes, resources, housing costs, and higher disparities between lower income jobs and affordable units. The draft methodology’s income-shift approach increases the number of lower income units going to higher income areas as a percentage of their total allocation. HCD commends Fresno COG for including factors in the draft methodology linked to the statutory objectives such as a factor based on TCAC/HCD Opportunity Scores.

Below is a summary of findings related to each statutory objective described within Government Code Section 65584(d):

1. Increasing 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.

On a per household basis, the methodology allocates more lower income RHNA to cities with more higher income households. Cities with higher housing costs also receive more

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¹ While HCD finds this methodology furthers statutory objectives, applying this methodology to another region or cycle may not necessarily further the statutory objectives as housing conditions and circumstances may differ.

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RHNA on a per household basis when you control for the unincorporated county². Lastly, jurisdictions with higher home ownership rates and higher percentages of single-family homes receive a higher percentage of lower income RHNA relative to their total allocation.

2. Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region’s greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080.

The draft methodology encourages more efficient development by including regional growth forecasts to determine each jurisdiction’s base allocation, as well as by including two employment factors. Accordingly, jurisdictions with access to more jobs via a 30-minute commute receive more RHNA per household and more total RHNA. Jurisdictions with access to more jobs via a 45-minute transit commute also receive more RHNA per household and more total RHNA. Further, cities with lower annual household VMT, on average, receive more RHNA per household.

3. Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction.

On average, the draft methodology allocates the most lower income RHNA relative to household share to jurisdictions with lower income jobs-housing fit ratios over 1.5 (1.5 low-wage jobs for every affordable housing unit). Those jurisdictions also receive more total RHNA. Jurisdictions with lower income jobs-housing fit ratios below 1.5 also receive less total RHNA.

4. Allocating 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 American Community Survey.

On average, jurisdictions with a larger existing share of lower income households receive smaller allocations of low- and very low-income units as a percentage of the total RHNA. For jurisdictions with higher shares of lower income households, the average lower income allocation is 35 percent of total RHNA. The average lower income allocation for cities with smaller percentages of lower income households is 46 percent.

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² Since allocating less RHNA to the unincorporated county supports objective two, HCD also evaluated whether jurisdictions with higher home values received more RHNA on average when the unincorporated county was excluded. Given that Unincorporated Fresno County has higher than average home values, HCD’s analysis found that the methodology only allocated more RHNA per household to jurisdictions with higher home values when the unincorporated county was removed.

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5. Affirmatively furthering fair housing, which means taking meaningful actions, in addition to combating discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics. Specifically, affirmatively furthering fair housing means taking meaningful actions that, taken together, address significant disparities in housing needs and in access to opportunity, replacing segregated living patterns with truly integrated and balanced living patterns, transforming racially and ethnically concentrated areas of poverty into areas of opportunity, and fostering and maintaining compliance with civil rights and fair housing laws.

Cities with more access to opportunity receive larger total RHNA and lower income allocations on a per household basis when controlling for the unincorporated county. Further, cities with more low-resource and high-segregation/poverty areas receive smaller total RHNA and lower income allocations per household when controlling for the unincorporated county. When controlling for the unincorporated county, cities with at least 50 percent low-resource and high-segregation/poverty areas receive a share of the lower income RHNA that is, on average, 84 percent of their share of households, compared to 113 percent for other cities.

HCD appreciates the active role of Fresno COG staff – particularly Meg Prince – in providing data and input throughout the draft Fresno COG RHNA methodology development and review period. HCD also thanks Andrea Howard, David Early, and Allison Giffin for their significant efforts and assistance.

HCD looks forward to continuing our partnership with Fresno COG to help its member jurisdictions meet and exceed the planning and production of the region’s housing need. Support opportunities available for the Fresno COG region this cycle include, but are not limited to:

- Regional Early Action Planning (REAP) 2.0 – \$600 million of state and federal investment to advance implementation of adopted regional plans. REAP 2.0 funding may be used for planning and implementation that accelerates infill housing development and reduces per capita vehicle miles traveled. <https://hcd.ca.gov/grants-funding/active-funding/reap2.shtml>.
- Prohousing Designation Program – Ongoing awards distributed over-the-counter to local jurisdictions with compliant Housing Elements and prohousing policies. Those awarded receive additional points or preference when applying to housing and non-housing funding programs including the Affordable Housing & Sustainable Communities (AHSC), Infill Infrastructure Grant (IIG), and Transformative Climate Communities (TCC).

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- HCD also encourages all Fresno County local governments to consider the many other affordable housing and community development resources available to local governments, including the Permanent Local Housing Allocation program. HCD's programs can be found at <https://www.hcd.ca.gov/grants-funding/nofas.shtml>.

If HCD can provide any additional assistance, or if you, or your staff, have any questions, please contact Annelise Osterberg, Housing Policy Specialist at (916) 776-7540 or annelise.osterberg@hcd.ca.gov.

Sincerely,



Tyrone Buckley
Assistant Deputy Director of Fair Housing