

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

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October 9, 2020

Jon Clark, Executive Director
Butte County Association of Governments
326 Huss Dr. Suite 150
Chico, CA 95928

Dear Executive Director Jon Clark:

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

Thank you for submitting the draft Butte County Association of Governments (BCAG) 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 BCAG RHNA methodology begins with the total regional determination provided by HCD and separates it into two methodologies to allocate the full determination: regular growth and housing need (6,703) and fire rebuild units (8,803).

For regular growth and housing need, the draft BCAG methodology uses the Regional Transportation Plan (RTP) and five weighted factors—transit, jobs, wildfire risk, agricultural and forest land preserves, and opportunity—to determine each jurisdiction's total RHNA number. The methodology makes several adjustments to rebalance the distribution among the income categories of RHNA.

For fire rebuild, the draft BCAG methodology allocates units to the two jurisdictions—Unincorporated Butte County and Paradise—that lost housing units in the Camp fire. The allocation is based on each jurisdiction's share of lost housing units. RHNA units are distributed among the income categories of RHNA based on actual unit loss. The fire rebuild units represent the expected rebuild during the housing element cycle and account for 60 percent of the housing units destroyed in the Camp Fire.

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HCD has completed its review of the methodology and finds that the draft BCAG RHNA Methodology furthers the five statutory objectives of RHNA conditional upon small revisions.¹ HCD commends BCAG for including factors in the draft methodology that augment the base allocation in a manner which directs units toward jurisdictions with more transit, jobs, and areas of high opportunity. In the interest of furthering RHNA statutory objective 1 (to promote a mix of affordability) and statutory objective 4 (to balance income distributions), the draft BCAG methodology made adjustments that resulted in no lower income units for the City of Biggs. A minimal modification is needed to meet the requirement from statutory objective 1 that each jurisdiction receive an allocation of units for low- and very-low income units.

Below is a brief 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.

To further this objective, the methodology must be revised to ensure the City of Biggs receives an allocation of low-income units, but is otherwise furthering the requirements of this objective. The methodology generally allocates larger shares of lower income RHNA to jurisdictions that experience higher rates of housing cost burden and higher rents. For example, the Cities of Gridley and Chico have the highest share of lower-income cost burdened households and receive the highest percentage of lower-income RHNA units. The three jurisdictions with the highest rent in the region also receive the three largest lower-income RHNA allocations.

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 BCAG methodology generally encourages a more efficient development pattern. The five factors included in the methodology direct more housing units to areas with lower vehicle miles traveled (VMT) and more accessible jobs and transit. For example, the jurisdictions with the lowest annual household VMT receive the most RHNA and jobs access also aligns with the RHNA allocation well. While the City of Paradise and unincorporated Butte County receive additional allocations to account for their expected rebuilds, it is worth noting that of the 14,639 homes lost in these two jurisdictions during the Camp Fire, only 8,803 homes are expected to be rebuilt in these jurisdictions over the course of the housing element cycle.

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¹ This finding is conditionally based on the methodology being revised to include an allocation of low-income units to the City of Biggs to meet statutory requirement that each jurisdiction receive an allocation of units for low- and very low-income households (Government Code Section 65584(d)(1)). Further, while HCD finds this methodology conditionally compliant, applying this methodology to another region or cycle may not necessarily further the statutory objectives as housing conditions and circumstances may differ.

The regular growth and housing need RHNA of 6,703 units is directed by the regional transportation plan and adjustment factors that direct that need toward infill areas near jobs and transit. HCD finds that the methodology furthers statutory objective 2 as proposed, and would be open to the prospect of BCAG increasing the weighting of the five adjustment factors (transit, jobs, wildfire risk, agricultural and forest land preserves, and opportunity) to further this objective beyond what is proposed in the draft methodology.

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.

The draft BCAG methodology generally allocates more RHNA units to jurisdictions with more jobs and allocates more RHNA units to jurisdictions with a higher jobs-housing imbalance. For instance, under this draft methodology the City of Chico represents 52.6 percent of the region's job share and would receive 52 percent of the region's regular growth and housing need RHNA allocation.

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.

This objective is furthered by the adjustments made to rebalance allocated units among the income categories. For instance, Oroville currently has the largest percentage of lower income households and receives the smallest percentage of lower income RHNA units. The adjustments generally move the region towards planning for a more even distribution of lower-income households. BCAG's adjustments toward a more equitable distribution will increase housing planning for low- and very-low-income households in higher income communities.

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.

HCD supports the inclusion of the [TCAC/HCD Opportunity Maps](#) in the draft BCAG RHNA methodology. Using both opportunity scores and childhood poverty data, the methodology generally directs more lower income RHNA to higher resourced areas. For instance, Chico is the highest resourced jurisdiction in the region and also receives the largest allocation of lower income RHNA units. Conversely, the lowest resourced area (as defined by the combined opportunity and child poverty indices) receives the lowest lower-income RHNA units as a percentage of its total RHNA allocation.

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HCD appreciates the active role of BCAG staff in providing data and input throughout the draft BCAG RHNA methodology development and review period. HCD especially thanks Brian Lasagna, Chris Devine, Andrea Howard, and David Early for their significant efforts and assistance.

HCD looks forward to continuing our partnership with BCAG to assist its member jurisdictions to meet and exceed the planning and production of the region's housing need.

Support opportunities available for the BCAG region this cycle include, but are not limited to:

- SB 2 Planning Technical Assistance
- Regional and Local Early Action Planning grants
- SB 2 Permanent Local Housing Allocation

If HCD can provide any additional assistance please contact Megan Kirkeby, Deputy Director, megan.kirkeby@hcd.ca.gov.

A handwritten signature in black ink, appearing to read 'MK', with a stylized flourish at the end.

Megan Kirkeby
Deputy Director