

# Draft Regional Housing Needs Assessment Allocation Methodology San Joaquin Council of Governments

(January 2014)

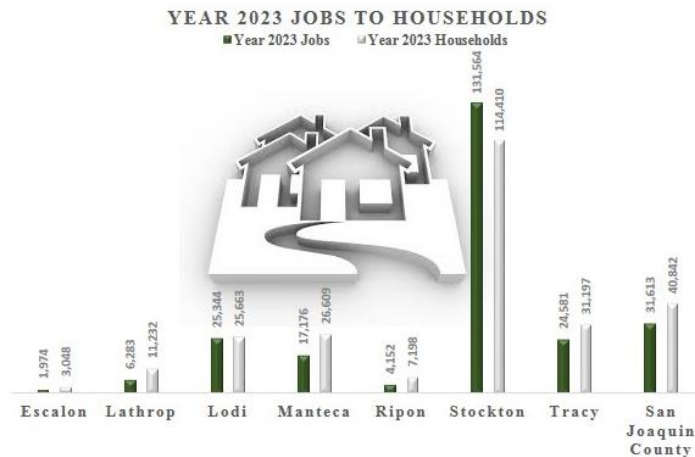
The goal of the RHNA methodology is to equitably assign to each jurisdiction a portion of the 40,360 countywide RHNA target. The proposed RHNA methodology takes into consideration the following objectives:

- 1) Relationship between jobs and housing.
- 2) Identify any existing local, regional, or state incentives available to local governments that are willing to accept a higher RHNA share than proposed in the draft allocation.
- 3) Ensure that the total regional housing need, by income category is maintained, and that each jurisdiction in the region receives an allocation of units for low- and very low income households.
- 4) Consistency with the SCS's development pattern.

## PROPOSED RHNA ALLOCATION METHODOLOGY FACTORS

### FACTOR 1: Jobs & Household Relationship

**Objective:** The objective is to establish an individualized job and household relationship factor for each jurisdiction. These factors allow the methodology to be more sensitive to the jobs and household characteristics of the region to the individual jurisdictions in order to promote a more balanced allocation of the countywide RHNA target.



The data needed to arrive at the Job Household Relationship Factors includes:



The methodology to arrive at the individualized jobs to household relationship factors is as follows:

|                               |   |                            |   |                              |
|-------------------------------|---|----------------------------|---|------------------------------|
| Jobs Relationship Factor      | = | Year 2013 Job Growth       | ÷ | Working Adults per Household |
| Household Relationship Factor | = | Year 2023 Household Growth | ÷ | Working Adults per Household |

The following Table I provides the draft calculation to arrive at the individualized jobs and households relationship factors:

**Table I: Jobs & Housing Relationship**

| AGENCY             | Year 2023 Jobs | Year 2023 Households | Workers per Household | Working Adults (Ages 19-64) | Jobs Relations Factor (JRF) | Households Relations Factor (HRF) |
|--------------------|----------------|----------------------|-----------------------|-----------------------------|-----------------------------|-----------------------------------|
| Escalon            | 1,974          | 3,048                | 1.92                  | 5,850                       | 33.7%                       | 52%                               |
| Lathrop            | 6,283          | 11,232               | 2.05                  | 23,020                      | 27.3%                       | 49%                               |
| Lodi               | 25,344         | 25,663               | 1.86                  | 47,620                      | 53.2%                       | 54%                               |
| Manteca            | 17,176         | 26,609               | 2.07                  | 55,000                      | 31.2%                       | 48%                               |
| Ripon              | 4,152          | 7,198                | 2.01                  | 14,470                      | 28.7%                       | 50%                               |
| Stockton           | 131,564        | 114,410              | 1.97                  | 225,790                     | 58.3%                       | 51%                               |
| Tracy              | 24,581         | 31,197               | 2.08                  | 64,820                      | 37.9%                       | 48%                               |
| San Joaquin County | 31,613         | 40,842               | 1.93                  | 79,020                      | 40.0%                       | 52%                               |
| <b>Total</b>       | <b>242,687</b> | <b>260,199</b>       |                       | <b>515,590</b>              | <b>38.80%</b>               | <b>50.24%</b>                     |

Data sources:

1. Employment (Business Forecasting Center, Eberhardt School of Business)
2. Population and Household (Planning Center)
3. Working Adults per Household (Year 2010 United States Census Bureau)

**FACTOR 2: Sustainable Housing**

**Objective:** The objective of this factor is to meet the intent of SB 375 by accounting for each jurisdiction’s portion of the countywide RHNA subject to the projected year 2035 SCS. The following initial step would be applied to convert SCS related households to housing units:

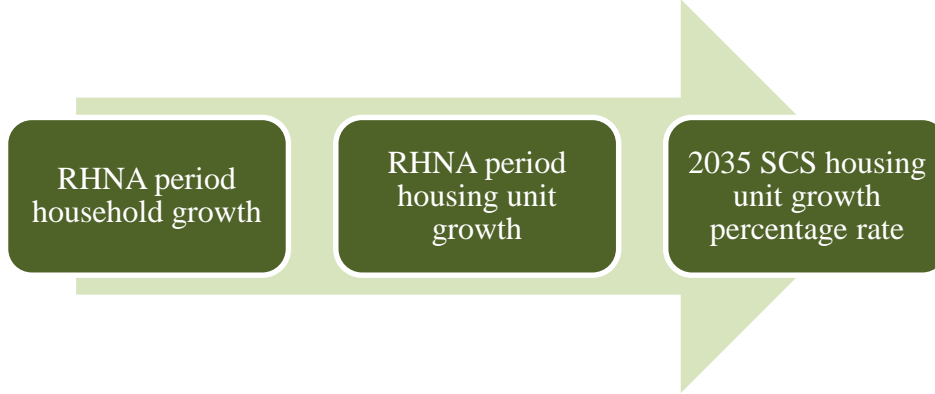
|                          |   |                            |   |                      |
|--------------------------|---|----------------------------|---|----------------------|
| RHNA & SCS housing units | = | RHNA/SCS period households | × | Healthy vacancy rate |
|--------------------------|---|----------------------------|---|----------------------|

The use of year 2000 United States Census Bureau vacancy rates for each jurisdiction are proposed to be used because they best correspond to what is considered a “healthy” vacancy rate by industry standards. The following Table II documents and compares the year 2000 and year 2010 vacancy rates:

**Table II: Housing Vacancy Rates**

| AGENCY                  | Escalon | Lathrop | Lodi  | Manteca | Ripon | Stockton | Tracy | SJ County | Average |
|-------------------------|---------|---------|-------|---------|-------|----------|-------|-----------|---------|
| Year 2000 Vancancy Rate | 3.56%   | 2.77%   | 3.21% | 3.36%   | 2.26% | 4.25%    | 2.58% | 4.95%     | 3.37%   |
| Year 2010 Vancancy Rate | 5.13%   | 9.10%   | 7.12% | 6.55%   | 5.34% | 9.06%    | 6.29% | 8.27%     | 7.11%   |
| Difference              | 1.57%   | 6.33%   | 3.91% | 3.19%   | 3.08% | 4.81%    | 3.71% | 3.32%     |         |

The data needed to arrive at the Sustainable Housing Factors includes:



Applying the SCS period average growth rate to the RHNA period total provides an average RHNA to SCS housing unit outcome based on each jurisdiction’s SCS development pattern to the region. The methodology to arrive at a sustainable housing factor for each jurisdiction is as follows:

|                            |   |                     |   |                                 |   |  |   |   |
|----------------------------|---|---------------------|---|---------------------------------|---|--|---|---|
| Sustainable Housing Factor | = | RHNA period housing | × | 2035 SCS percentage growth rate | + | RHNA period housing based on SCS unit rate | ÷ | 2 |
|----------------------------|---|---------------------|---|---------------------------------|---|--|---|---|

The following Table III provides the preliminary sustainable housing factor results:

**Table III: Sustainable Housing Factor**

| AGENCY       | Healthy Vacancy Rate | Year 2014 Households | Year 2014 Housing Units | Year 2023 Households | Year 2023 Housing Units | RHNA Period Housing Units | 2035 SCS Housing Unit Rate | SCS Period Housing Units | Average RHNA to SCS |
|--------------|----------------------|----------------------|-------------------------|----------------------|-------------------------|---------------------------|----------------------------|--------------------------|---------------------|
| Escalon      | 3.56%                | 2,658                | 2,753                   | 3,048                | 3,157                   | 404                       | 1.00%                      | 340                      | 372                 |
| Lathrop      | 2.77%                | 6,812                | 7,001                   | 11,232               | 11,543                  | 4,542                     | 14.18%                     | 4,820                    | 4,681               |
| Lodi         | 3.21%                | 24,219               | 24,996                  | 25,663               | 26,487                  | 1,490                     | 4.24%                      | 1,440                    | 1,465               |
| Manteca      | 3.36%                | 23,444               | 24,232                  | 26,609               | 27,503                  | 3,271                     | 13.77%                     | 4,681                    | 3,976               |
| Ripon        | 2.26%                | 5,835                | 5,967                   | 7,198                | 7,361                   | 1,394                     | 3.67%                      | 1,246                    | 1,320               |
| Stockton     | 4.25%                | 107,629              | 112,203                 | 114,410              | 119,272                 | 7,069                     | 34.11%                     | 11,591                   | 9,330               |
| Tracy        | 2.58%                | 27,056               | 27,754                  | 31,197               | 32,002                  | 4,248                     | 13.08%                     | 4,446                    | 4,347               |
| SJ County    | 4.95%                | 29,822               | 31,298                  | 40,842               | 42,864                  | 11,565                    | 15.95%                     | 5,420                    | 8,492               |
| <b>Total</b> |                      | 227,475              | 236,204                 | 260,199              | 270,188                 | 33,984                    | 100.00%                    | 33,984                   | 33,984              |

Data sources:

1. Vacancy Rates (United States Federal Census Bureau)
2. Households (Planning Center)

**FACTOR 3: Family Income Characteristics**

**Objective:** The objective of this factor is to ensure that an equitable share of each jurisdiction’s RHNA target is responsive to family income limits characteristics of the jurisdiction.

The family income characteristic factor recognizes the difference between the total households regionally in each income category to the jurisdiction’s proportion for that same income category. The following Table IV outlines the households to family income ranges from the United States Census Bureau:

**Table IV: Family Income Limits by Jurisdiction**

| Agency                      |           | City of Escalon                                       | City of Lathrop | City of Lodi | City of Manteca | City of Ripon | City of Stockton | City of Tracy | SJ County (Unincorporated Area) | San Joaquin County Region |
|-----------------------------|-----------|---|-----------------|--------------|-----------------|---------------|------------------|---------------|---------------------------------|---------------------------|
| <b>Family Income Limits</b> |           | <b>Households to Medium Family Income of \$53,764</b> |                 |              |                 |               |                  |               |                                 |                           |
| \$0                         | \$10,000  | 118   | 200             | 966          | 650             | 102           | 5,993            | 864           | 2,080                           | 10,973                    |
| \$10,000                    | \$14,999  | 252   | 112             | 1,376        | 860             | 199           | 6,203            | 749           | 2,441                           | 12,192                    |
| \$15,000                    | \$24,999  | 178   | 293             | 2,903        | 1,789           | 348           | 10,861           | 1,468         | 4,863                           | 22,703                    |
| \$25,000                    | \$34,999  | 259   | 370             | 2,506        | 1,818           | 406           | 9,681            | 1,450         | 5,290                           | 21,780                    |
| \$35,000                    | \$49,999  | 314   | 562             | 3,395        | 3,234           | 424           | 14,145           | 2,966         | 6,161                           | 31,201                    |
| \$50,000                    | \$74,999  | 334   | 1,146           | 3,763        | 4,890           | 725           | 16,717           | 4,073         | 7,569                           | 39,217                    |
| \$75,000                    | \$99,999  | 523   | 839             | 2,302        | 3,614           | 575           | 10,373           | 3,292         | 5,387                           | 26,905                    |
| \$100,000                   | \$149,999 | 480   | 817             | 2,932        | 3,182           | 772           | 10,199           | 5,487         | 5,746                           | 29,615                    |
| \$150,000                   | \$199,999 | 150   | 273             | 1,039        | 1,199           | 470           | 3,431            | 2,079         | 2,261                           | 10,902                    |
| \$200,000                   | or more   | 28  | 90              | 851          | 382             | 446           | 2,213            | 1,185         | 2,219                           | 7,414                     |
| Total households            |           | 2,636   | 4,702           | 22,033       | 21,618          | 4,467         | 89,816           | 23,613        | 44,017                          | 212,902                   |

Data Source: United States Census Bureau, American Fact Finder (2011 American Community Survey)

Based on a countywide medium household income of \$53,764, the RHNA medium family income limits include:

- 1) Extremely Low (30% of median) = \$0 to \$16,129
- 2) Very Low (50% of median) = \$16,130 to \$26,882
- 3) Low (80% of median) = \$26,883 to \$43,011
- 4) Moderate (120% of median) = \$43,012 to \$64,517
- 5) Above moderate (all else) = \$64,518 and beyond

Using the United States Census Bureau to realign the RHNA income limits ensures that jurisdictions are not disproportionately allocated RHNA targets in any particular income category. The following Table V provides the results of the alignment of the family income characteristics by jurisdiction:

**Table V: RHNA Family Income Characteristics by Jurisdiction**

The methodology to distribute the individualized RHNA target by the family income limit is as follows:

|                              |   |          |   |  |
|------------------------------|---|----------|---|--|
| RHNA by Family Income Limits | = | Net RHNA | × | Income percentage limits by jurisdiction |
|------------------------------|---|----------|---|--|

Data sources:

- Medium Family Income (2010 United States Census Bureau)
- Medium Family Income Limits (2010 United States Census Bureau)

**PROPOSED RHNA ALLOCATION METHODOLOGY**

The countywide and individualized data for each jurisdiction is applied to the proposed RHNA Allocation Methodology. The following Sample RHNA Allocation Methodology, uses the outcomes of the three factors of: 1) Jobs to Housing Relationship; 2) Sustainable Housing; and, 3) Family Income Characteristics to arrive at the RHNA share per jurisdiction.

## SAMPLE RHNA ALLOCATION METHODOLOGY

|                                      | A                                  |   | B  |   | C   |   | D  |   | E  |   | F   |
|--------------------------------------|------------------------------------|---|--|---|---|---|--|---|--|---|---|
| 1 -                                  | <b>Households<br/>2023</b>         |   | <b>Households<br/>2014</b>                                     |   | <b>Household<br/>Growth</b>                               |   | <b>Regional<br/>Household<br/>Growth</b>                   |   | <b>Share of<br/>Household<br/>Growth</b> |   |   |
|                                      | # Households                       | - | # Households   | = | Difference 1B-1A  |   | Yr. 2014-2023  |   | 1C/1D                                    |   |   |
| 2 -                                  | <b>Jobs<br/>2023</b>               |   | <b>Jobs<br/>2014</b>   |   | <b>Job<br/>Growth</b>                                     |   | <b>Regional<br/>Job Growth</b>                             |   | <b>Share of<br/>Job Growth</b>           |   |   |
|                                      | # Jobs                             | - | # Jobs   | = | Difference 2B-2A  |   | Yr. 2014-2023  |   | 2C/2D                                    |   |   |
| 3 -                                  | <b>Share of<br/>Job<br/>Growth</b> |   | <b>Jobs<br/>Relationship<br/>Factor (JRF)</b>                  |   | <b>Share of<br/>Household<br/>Growth</b>                  |   | <b>Household<br/>Relationship<br/>Factor (HRF)</b>         |   | <b>Total RHNA<br/>to<br/>SCS</b>         |   | <b>Total<br/>Projected<br/>Housing Target</b>                 |
|                                      | Value of 2E                        | x | 3A x JRF   | + | Value of 1E   | x | 3C x HRF   | x | Net RHNA Value                           | =   | Portion of RHNA   |
| 4 -                                  |                                    |   |  |   |   |   |  |   |  | <b>2014 ~ 2013 Sustainable Housing Factor</b> | SCS Housing Units   |
| 5 -                                  |                                    |   |  |   |   |   |  |   |  | <b>TOTAL RHNA</b>                             | Share of RHNA   |
| <b>Household Income Distribution</b> |                                    |   |  |   |   |   |  |   |  |   |   |
| 6 -                                  | <b>Income<br/>Category</b>         |   | <b>Household<br/>Income<br/>Percentage by<br/>Jurisdiction</b> |   | <b>Household<br/>Income<br/>Percentage<br/>for Region</b> |   | <b>Average of<br/>Agency &amp;<br/>Regional<br/>Income</b> |   |  |   | <b>Housing<br/>Unit<br/>Allocation by<br/>Income Category</b> |
|                                      | *Very Low                          |   | 0.00%  |   | 0.00%   |   | 0.00%  |   |  |   | RHNA to Income  |
|                                      | Low                                |   | 0.00%  |   | 0.00%   |   | 0.00%  |   |  |   | RHNA to Income  |
|                                      | Moderate                           |   | 0.00%  |   | 0.00%   |   | 0.00%  |   |  |   | RHNA to Income  |
|                                      | Above Moderate                     |   | 0.00%  |   | 0.00%   |   | 0.00%  |   |  |   | RHNA to Income  |
|                                      | <b>TOTAL</b>                       |   | <b>0%</b>  |   | <b>0%</b>   |   | <b>0%</b>  |   |  |   | <b>Total RHNA</b>   |

\* Includes Extremely Low

The description of the values found in the Sample RHNA Allocation Methodology are as follows:

- 1) Section 1C is the difference of year 2023 (1A) and year 2014 (1B) household growth.
- 2) Section 1D is the year 2023 countywide household growth.
- 3) Section 1E is the percentage share of housing growth (1C/1D).
- 4) Section 2C is the difference of the year 2023 (2A) and year 2014 (2B) jobs growth.
- 5) Section 2D is the year 2023 countywide jobs growth.
- 6) Section 2E is the percentage share of job growth (2C/2D).
- 7) The sub total of RHNA in Section 3F is derived by multiplying the share of job growth (3A) by the individualized jobs relationship factor (3B) and the share of household growth (3C) by the individualized household relationship factor (3D). The sum, representing the individualized relationship between jobs and households, is applied to the countywide net RHNA target (3E). The net RHNA target is the countywide RHNA outside of those housing units associated with the sustainable housing factor.
- 8) Section 3F is the countywide net RHNA determination to the individual jurisdiction.
- 9) Section 4F is the proportional Sustainable Housing factor supported by the SCS.
- 10) Section 5E is the sum of the portion of net RHNA (3E) and the Sustainable Housing Factor (4E).

Based on the draft methodology, the following Table V provides a preliminary RHNA allocation summary for each jurisdiction by family income limits:

**Table V: Preliminary RHNA Allocation by Jurisdiction**

| <b>Agency</b> | <b>Extremely Low<br/>(\$16,129 &amp;<br/>Below)</b> | <b>Very Low<br/>(\$16,130 to<br/>\$26,882)</b> | <b>Low<br/>(\$26,883 to<br/>\$43,011)</b> | <b>Moderate<br/>(\$43,012 to<br/>\$64,517)</b> | <b>Above Moderate<br/>(\$64,518 &amp;<br/>Above)</b> | <b>Total<br/>RHNA</b> |
|---------------|---|--|---|--|--|-----------------------|
| Escalon       | 57  | 41   | 65  | 65   | 197  | 425                   |
| Lathrop       | 503   | 474  | 744                                       | 959  | 2,471  | 5,151                 |
| Lodi          | 233   | 244  | 324                                       | 333  | 793  | 1,927                 |
| Manteca       | 444   | 455  | 690                                       | 838  | 2,029  | 4,456                 |
| Ripon         | 146   | 148  | 211                                       | 232  | 741  | 1,478                 |
| Stockton      | 1,597   | 1,426  | 1,964                                     | 2,105  | 4,710  | 11,802                |
| Tracy         | 490   | 450  | 691                                       | 829  | 2,510  | 4,970                 |
| SJ County     | 1,199   | 1,190  | 1,694                                     | 1,728  | 4,340  | 10,151                |
| <b>Total</b>  | <b>4,669</b>  | <b>4,428</b>                                   | <b>6,383</b>                              | <b>7,089</b>                                   | <b>17,791</b>  | <b>40,360</b>         |