

# C A L L E

**CALIFORNIA ALLIANCE OF LOCAL ELECTEDS**

# Playing the Housing Numbers Game

**How California's sixth-cycle RHNA  
sets up cities to fail**

**California Alliance of Local Electeds**

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# What is RHNA?

According to the California Department of Housing and Community Development (HCD):

“Since 1969, California has required that all local governments (cities and counties) adequately plan to meet the housing needs of everyone in the community.

In order to create a housing plan (aka housing element) showing it could meet the local housing needs, a jurisdiction must first know how much housing it must plan for. ...This is determined by a process called the regional housing needs assessment (RHNA).”

- We are now in the beginning of the sixth 8-year RHNA cycle, which runs from 2022 to 2030 for the nine-county Association of Bay Area Governments (ABAG). Other regions have similar schedules.

# **RHNA has been a policy failure for 50 years**

**2003 Public Policy Institute of California study:**

## **California's Housing Element Law: The Issue of Local Noncompliance**

- **Compliance with RHNA had no effect on how much housing was built.**
- **Developers typically exceeded the RHNA targets for market rate housing—but often not in locations specified by RHNA.**
- **We now have more housing units per person in California than there has been since at least 1991. We do not have a housing crisis, we have an affordability crisis.**
- **Growing income inequity tends to make market-rate housing even further out of reach for low-income households.**

# 2017—the year RHNA was weaponized

- In 2017 the state legislature passed Senate Bill 35, carried by San Francisco Senator Scott Wiener.
- The bill streamlined multifamily housing project approvals ministerially in cities that failed to issue building permits for their share of the RHNA housing allocations.
- “Ministerially” means by-right. If a developer applies for an approval, the city must grant it without public comment or oversight as long as it conforms to a narrow set of “objective standards.”

# SB 35 contained a poisoned pill

- As the League of California Cities pointed out in its veto request letter to Governor Brown, a better bill would:

“Require the trigger for ministerial approval of housing projects to be based on the number of entitled and approved applications, a process that a local agency actually controls, rather than building permits, which a developer controls and will not pull until they are ready to construct a project.”

- Under SB 35, developers can delay pulling permits until approvals become ministerial midway through the sixth RHNA cycle. The bill takes control away from the public and hands it to developers.

# SB 828 finished what SB 35 started

- Most cities met their RHNA goals for market-rate housing, so SB 35 streamlining of approvals was rarely invoked.
- Wiener and his allies needed a way to jack up the RHNA targets to unrealistic levels, guaranteeing that most cities would fail to meet the targets.
- SB 828 was the bill that allowed HCD to make sloppy and redundant adjustments to the RHNA goals. The bill was sponsored by the Bay Area Council and the Silicon Valley Leadership Group.
- The sixth cycle RHNA has become a scam. It forces cities to upzone, raising the value of the land, creating a windfall gain for property owners. The ministerial approvals allows developers to build faster and cheaper, but with no requirement to pass the savings along to renters or homeowners.



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## Playing the Housing Numbers Game



In the fall of 2017 the Bay Area Council's housing team met with state Senator Scott Wiener to discuss the ongoing housing crisis, its root causes and what needed to be done to fix things. One of those root

causes is our inability to accurately predict how much new housing we will need to meet the growing demand. The state, through the Regional Housing Needs Allocation (RHNA) process, has consistently lowballed the numbers. The allocation the Bay Area gets every eight years is generally far less than the actual need and as a result, cities never plan for the growth that is coming.

Out of that meeting came SB 828 (Wiener), a law that makes the calculation process more scientific and accurate. Lo and behold, this year the Bay Area's RHNA allocation jumped from 188,000 units to 441,000 units. And this week, the Metropolitan Transportation Commission approved the methodology that will divide this number among our 101 cities. Those cities must now update their general plans and find more sites for new homes and upzone the ones they already have. This might seem like a nerdy numbers game but in the real world it is one of the most significant housing wins in recent years and it will have tangible benefits. To engage in the Council's housing policy work, [please contact Senior Vice President Matt Regan](#).



# The State Auditor slammed HCD's RHNA work

- In September 2021 State Senator Steven Glazer requested an emergency audit of the RHNA process. In response to Glazer's request, in March 2022 Michael S. Tilden, the Acting California State Auditor, issued a blistering critique of RHNA.
- “Overall, our audit determined that HCD does not ensure that its needs assessments are accurate and adequately supported. ...This insufficient oversight and lack of support for its considerations risks eroding public confidence that HCD is informing local governments of the appropriate amount of housing they will need.”

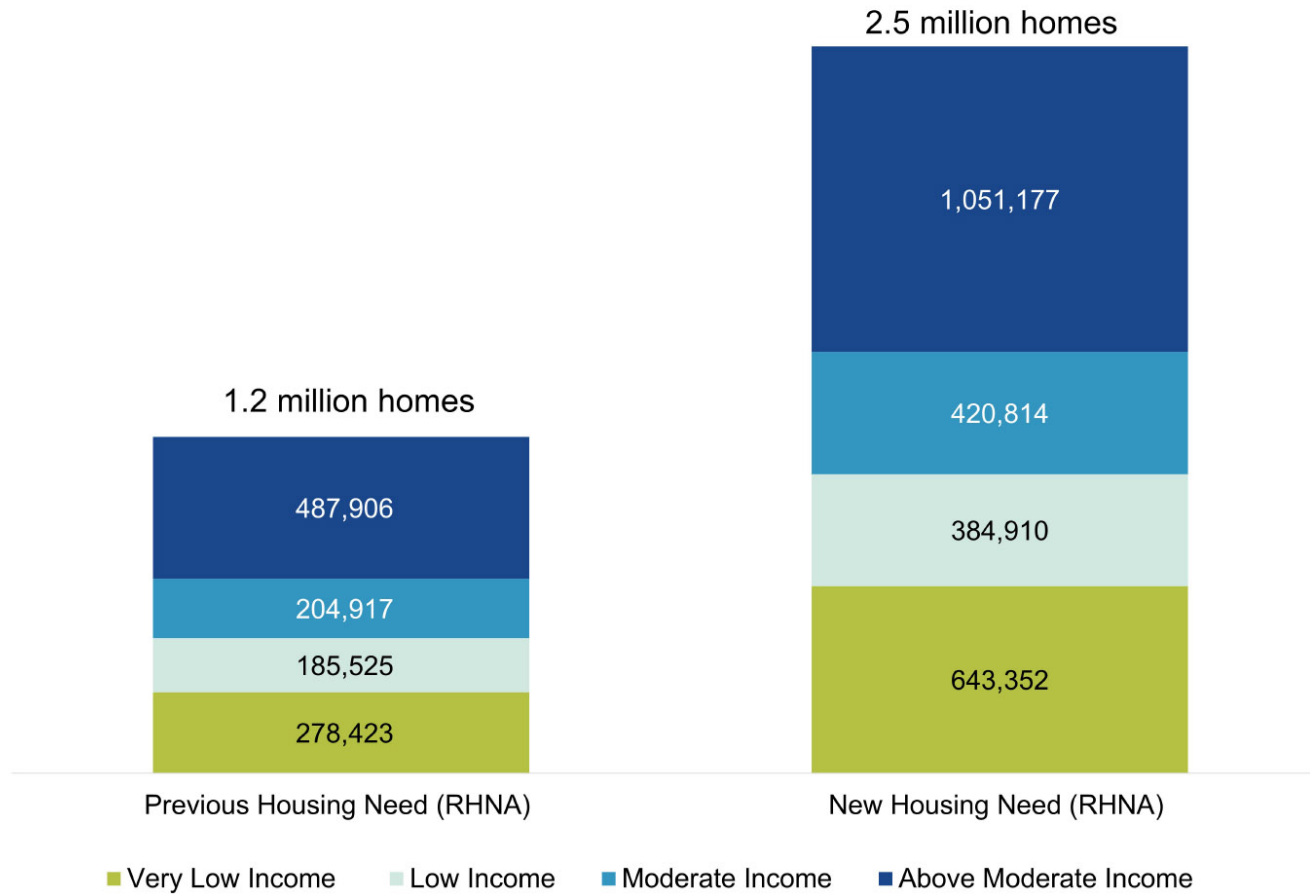
# The 2022 Statewide housing plan

Hang onto your hats, we're headed  
down the rabbit hole.

Said Alice in Wonderland's  
Red Queen, "Why, some-  
times I've believed as  
many as six impossible  
things before breakfast.

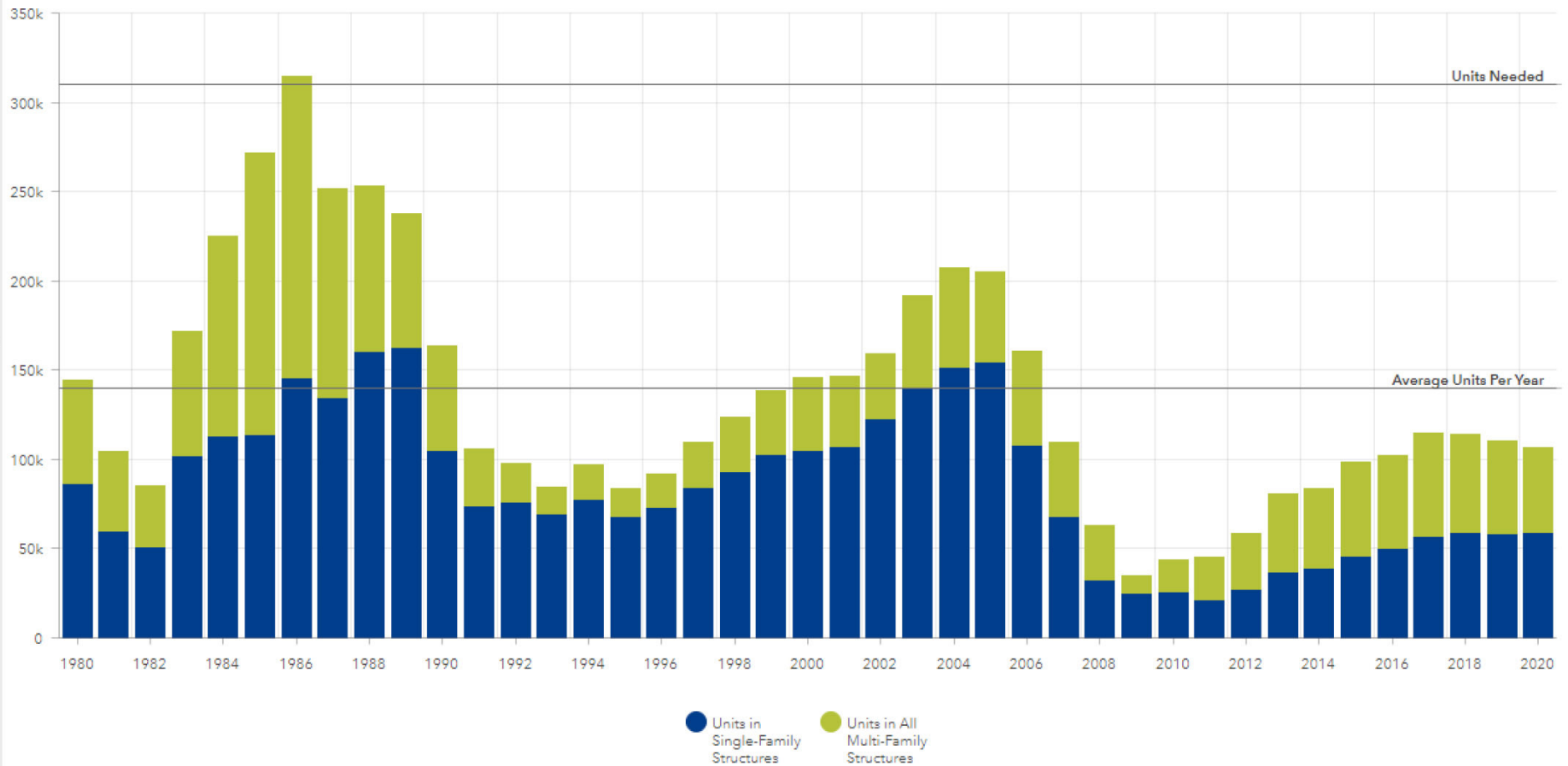


## Comparison of Previous and New Housing Need (RHNA) Goals



**A comparison between the fifth- and sixth-cycle RHNA housing targets.**

## New Permitted Units in California by Year and Structure Type



Meeting the statewide sixth-cycle housing goals would require the building of more than 300,000 housing units annually for eight years. This has never occurred in California history.

# Where do we go from here?

- **Abandon the RHNA process. It's a waste of time and money, and always has been. RHNA was not designed to provide production targets. Cities have very little to lose.**
- **Stop trying to tinker with our capitalist market economy. The hundreds of housing bills the legislature has passed will not deflect the course of our housing markets. The private sector is not capable of solving our affordable housing problems.**
- **If the public wants affordable housing for those who need it, then the public sector needs to figure out a cost-effective way to provide it. There are lots of good options out there, we need to explore them. The missing ingredient is money.**
- **Voters should pay more attention to housing bills in Sacramento and elect more thoughtful legislators.**

# The latest developments

- SB 35 will sunset in 2026. A successor bill SB 423 (Wiener) was passed the last legislative session. This new bill will sunset in 2036. It further removes public input from land use decisions, and extends the bill to the coastal zone.
- HCD convened a “Sounding Board” to discuss changes to be implemented in the seventh RHNA cycle. About 30 people were invited to attend, but their names and the discussions were withheld from the public.
- The Bay Area Housing Finance Authority (BAHFA) has proposed a \$10-20 billion affordable housing bond for the nine-county November 2024 ballot. Assemblymember Buffy Wicks has also proposed a \$10 billion statewide affordable housing bond.

# Departing thoughts from former Governor Jerry Brown, Jan. 2019

We've done quite a lot for what the state can do, but there's a lot of resistance to changes, to density in neighborhoods that don't want density. In many ways I don't blame them.

I don't think you can mandate lower prices because people want the value in their homes. I don't think you can build housing and pay for it by taxing hard-pressed middle class people, among others, to pay for it.

So I'd say this remains an issue and a topic that I know people will address. But if you want to come back and talk to me in four years, I assure you we're going to have the same problem that we have today.







# The Take-Home Message

The sixth-cycle RHNA is a ticking time bomb. Four years into the eight-year cycle, if developers haven't pulled permits for at least half of the jurisdiction's RHNA allocation, the approval process becomes ministerial.

Given the absurdity of the RHNA goals, ministerial approvals will go into affect in almost all California cities and counties. The loss of local authority will make planning for utilities, roads, schools, parks, and public safety more difficult.

If we wait until poorly planned market-rate projects begin to pop up in our cities, it will be too late. We will have to live with the consequences for many years—including a lack of affordable housing.