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February 14, 2022

Ahron Hakimi, Executive Director
Kern Council of Governments
1401 19th Street, Suite 300
Bakersfield, CA 93301

Dear Ahron Hakimi:

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

Thank you for submitting the draft Kern Council of Government's (Kern 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 Kern COG RHNA methodology begins with the total regional determination provided by HCD of 57,650 units. The methodology then provides a base allocation to each jurisdiction based on its proportion of household growth in the RTP/SCS between 2023 and 2031. Next, the methodology applies an Income Equity Adjustment Factor based on each jurisdiction's existing distribution of lower and higher income households. The difference between each jurisdiction's existing share of households by these income categories and the regional average is multiplied by 150%.

Lastly, the methodology applies two adjustment factors to the lower income categories: a jobs-housing fit factor and an Affirmatively Furthering Fair Housing (AFFH) factor. The jobs-housing factor is based on the balance between jobs paying $3,333 per month or less and units that rent for $1,000 a month or less and allocates more lower income RHNA units to jurisdictions with higher ratios of low-wage workers to affordable housing units. The AFFH factor upwardly adjusts lower income RHNA units to jurisdictions with higher opportunity as indicated in the 2021 TCAC/HCD Opportunity maps.

HCD has completed its review of the methodology and finds that the draft Kern COG RHNA Methodology furthers the statutory objectives described in Government Code 65584(d).[1] Kern COG's draft methodology directs RHNA units – including more lower income units – into high resource areas and areas with higher jobs-housing imbalances. The draft methodology also makes adjustments that increase the number of lower income units going to higher income areas as a percentage of their total allocation. HCD commends Kern COG for including factors in the draft methodology linked to the statutory objectives such as income parity, jobs-housing imbalances, and affirmatively furthering fair housing.

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.

On a per household basis, the methodology allocates slightly more shares of RHNA to jurisdictions with more high-income households. Additionally, due to the income parity adjustment, these higher income jurisdictions receive more lower income RHNA relative to their existing share of households. Jurisdictions with higher housing costs – both in terms of home values and rent – also receive more RHNA on a per household basis. Lastly, jurisdictions with higher percentages of owners 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 a more efficient development pattern due to the inclusion of the RTP/SCS in the base allocation and the job-housing fit factor. Jurisdictions with access to more jobs via a 30-minute commute receive more RHNA both in terms of RHNA per household and total RHNA. Jurisdictions with access to more jobs via a 45-minute transit commute also receive more total RHNA on average and generally 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.

Most cities in Kern County have a jobs-housing balance ratio between 0.3 and 1.9 and

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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.

the draft methodology generally allocates more RHNA per household share to the jurisdictions with the worst imbalances (jobs-housing balance ratio over 1.5). The draft methodology allocates slightly less RHNA relative to household share to jurisdictions with a jobs-housing balance ratio between 1.0 and 1.4, while jurisdictions with jobs-housing balance ratios below 1.0 receive the smallest RHNA allocations relative to household share. Among Kern COG jurisdictions, there is an even greater imbalance between the number of low-wage jobs and the number affordable housing units. Accordingly, the methodology allocates more lower income RHNA per household share to the jurisdictions with the worst imbalances (jobs-housing fit ratio over 2).

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, cities with a larger existing share of lower income units receive smaller allocations of low- and very low-income units as a percentage of the total RHNA. For cities with higher shares of lower income units, the average lower income allocation is 25 percent of total RHNA. The average lower income allocation for cities with smaller percentages of lower income units is 38 percent.

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.

Jurisdictions with more access to opportunity receive larger total RHNA and lower income allocations on a per household basis. Jurisdictions where more than 50 percent of households live in low-resource and high-segregation areas receive a share of the lower income RHNA that is, on average, 32 percent of their share of households, compared to 129 percent for higher resourced jurisdictions.

HCD appreciates the active role of Kern COG and the University of the Pacific's Center for Business and Policy Research staff in providing data and input throughout the draft Kern COG RHNA methodology development and review period. HCD especially thanks Rochelle Invina-Jayasiri, Rob Ball, Thomas Pogue, and Steven McCarty-Snead for their significant efforts and assistance.

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

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

- Regional Early Action Planning (REAP) 2.0 – $600 million state and federal investment to advance implementation of adopted regional plans. REAP 2.0 funding may be used for planning and implementation that accelerate infill housing development and reduce 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 on application processing 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).

- HCD also encourages all Kern 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

cc:

City of Arvin: Jeff Jones, Interim City Manager
City of Bakersfield: Christian Clegg, City Manager
City of California City: Anne Ambrose, Interim City Manager
City of Delano: Maribel Reyna, City Manager
City of Maricopa: Eric Ziegler, City Administrator
City of McFarland: Maria Lara, City Manager
City of Ridgecrest: Ron Strand, City Manager
City of Shafter: Gabriel Gonzalez, City Manager
City of Taft: Craig Jones, City Manager
City of Tehachapi: Greg Garrett, City Manager
City of Wasco: Scott Hurlbert, City Manager