What to Know about: RHNA, Site Selection, and Rezoning

What is the Regional Housing Needs Assessment (RHNA)?

RHNA is the California State-required process that seeks to ensure cities and counties plan for enough housing in their Housing Element cycle to accommodate all economic segments of the community. The process recognizes scarcity of land with adequately zoned capacity for housing is a significant contributor to increased land prices and housing development costs. A lack of adequately zoned sites exacerbates the already significant deficit of housing affordable to lower income households. There are three key steps in the RHNA Allocation process.

1. **Regional Determination:** The California Department of Housing and Community Development (HCD) issues a Regional Determination of housing need, which is the total number of units needed during the Housing Element period, split into four income categories. The Regional Determination considers measures of existing housing needs (such as overcrowding and overpayment) in addition to forecast population growth. Los Angeles is within the region covered by the Southern California Association of Governments (SCAG). HCD provided SCAG a Regional Determination of 1,341,827 units for the 6th Cycle (2021-2029).

2. **RHNA Allocation Methodology:** SCAG develops a methodology for allocating the Regional Determination to each city and county in the region, based on which each jurisdiction is assigned a RHNA Allocation. This methodology must further specific state objectives, including but not limited to: promoting infill, equity, environmental protection; ensuring jobs-housing balance; and affirmatively furthering fair housing.

3. **Accommodate RHNA Allocation:** Each city and county must adopt a Housing Element that demonstrates how the jurisdiction will accommodate its assigned

RHNA Allocation through its current zoning or potential rezoning program. HCD reviews each jurisdiction's housing element for compliance with state law.

What is Los Angeles's RHNA Allocation?

In accordance with SCAG's RHNA Allocation Plan, adopted in March 2020, the City's 2021-2029 Housing Element must accommodate a total of ***456,643 units***, of which 184,721 units must be affordable to lower income households (Very Low and Low).

Income Category	RHNA Allocation (Units)	Percent of Total Allocation
Very Low Income	115,978	25.4%
Low Income	68,743	15.1%
Moderate Income	75,091	16.4%
Above Moderate Income	196,831	43.1%
Total RHNA Allocation	**456,643**	**100.0%**

To ensure that sufficient capacity exists in the Housing Element to accommodate the RHNA throughout the planning period, the draft plan sets a target capacity (or buffer) that is 10% higher than the RHNA for lower income units, and 15% higher than the RHNA for moderate income units. This results in a target capacity for the Adequate Sites Inventory and Rezoning Program of ***486,379 units***.

Income Category	RHNA Allocation	Target Buffer (% above RHNA)	Target Capacity
Lower Income	184,721	10%	203,193
Moderate Income	75,091	15%	86,355
Above Moderate Income	196,831	0%	196,831
Total	**456,643**	**7%**	**486,379**

How do we meet our RHNA Allocation?

The Adequate Sites Inventory presents an inventory of land suitable and available for residential development to meet the City's RHNA Allocation at all income levels. The

analysis demonstrates that, between 2021-2029, the City has an anticipated unit potential of ***230,964 units***, of which 72,650 units are Lower Income.

This includes sites that were identified through three key components, including expected development potential on vacant and underutilized sites, planned and approved development projects, and non-site-specific development potential that provide additional alternative means of meeting the RHNA.

To comply with strengthened state requirements to provide substantial evidence that a vacant or underutilized site will redevelop with housing, the draft plan includes a predictive model prepared by the Terner Center for Housing Innovation at the University of California at Berkeley to determine the realistic development potential of each site based on past production trends on similar types of properties. This results in a total development potential of ***42,781 units*** over the 8-year period. In addition, the draft plan anticipates a total of 10,491 units in the Warner Center 2035 Specific Plan Area.

The draft plan then identifies units permitted, built, entitled, or pending that may occur through planned and approved projects that are already in the development pipeline, including on publicly owned land and through other private development projects. This results in a total development pipeline of 125,705 ***units***.

Lastly, the plan identifies additional alternative means of meeting the RHNA, including housing units that are anticipated to occur through programmatic or other non-site-specific activities. This includes anticipated Accessory Dwelling Unit (ADU) production, an expansion of Project Homekey, and new public land development programs, resulting in an additional 51,987 ***units***.

In addition to identifying sites to accommodate the RHNA Allocation, cities must evaluate the sites to determine consistency with requirements to **Affirmatively Further Fair Housing (AFFH)**. Specifically, the plan must contextualize the distribution of sites

in relation to historical patterns and trends of socio-economic characteristics and racial/ethnic concentrations of poverty and affluence. The goal is to have identified sites serve the purpose of replacing segregated living patterns with truly integrated and balanced living patterns, and ultimately transforming racially and ethnically concentrated areas of poverty into areas of opportunity. In line with guidance provided by the state, the chart below uses the TCAC/HCD Opportunity Map and index to analyze the distribution of identified sites and unit potential in relation to the overall citywide distribution of areas with higher and lower resources (or opportunity)[1].

TCAC/HCD Opportunity Area	Percent of City's Census Tracts	Percent of Sites on Inventory	Percent of Total Unit Potential	Percent of Lower Income Unit Potential
Highest Resource	19%	17%	18%	15%
High Resource	15%	11%	11%	10%
Moderate Resource	17%	15%	14%	14%
Moderate Resource - Rapidly Changing	5%	5%	6%	6%
Low Resource	28%	29%	28%	27%
High Segregation & Poverty	16%	22%	23%	27%
Unknown	1%	1%	1%	1%

The Adequate Sites Inventory is found to largely reflect existing conditions in the City. While it does not exacerbate existing conditions related to fair housing and patterns of segregation, it does not actively improve them. Rather, it reflects existing disparities in the City's zoning and development patterns. The analysis finds that there is significant opportunity to improve these conditions through the implementation of the 6th Cycle Housing Element, including the Rezoning Program.

What is the Rezoning Program?

After consideration of all three components of the Adequate Sites Inventory, the City has

[1] https://www.treasurer.ca.gov/ctcac/opportunity.asp

a total development potential of 230,964 units, which is insufficient capacity to accommodate both the RHNA Allocation of 456,643 units and the target capacity of 486,379 units. As a result, the draft Housing Element identifies a shortfall of ***255,415 units***. This shortfall must be accommodated by a Rezoning Program, which must be adopted by October 2024. Housing Element law (§65583.2(h)) requires that jurisdictions identify and analyze the candidate sites that will be considered for this future rezoning and include an analysis of suitability and availability. Rezoning must occur within three years and 120 days from the beginning of the planning period (October 15, 2021)

Each site identified as a potential candidate site for rezoning is listed in the Inventory of Candidate Sites for Rezoning (Appendix 4.7) and linked to one or more specific rezoning strategies. A detailed description of each of these strategies, including the methodology used to develop the capacity assumptions, is provided in Chapter 4. The sites were selected based on the concepts and strategies laid out in the Rezoning Program (Program 121 in Chapter 6).

Key elements of the rezoning strategy have been informed by public input and City Council direction, as well as the results of the AFFH Analysis. In general, the program emphasizes increasing access to Higher Opportunity areas of the city, particularly near jobs and transit and along major corridors, while protecting environmentally sensitive areas such as fire zones and areas susceptible to sea level rise. The Program also emphasizes the continued development of innovative value capture strategies to deliver more affordable housing than under current programs, as well as stronger anti-displacement protections and other community benefits.

The largest component of the various rezoning strategies include a series of local Plan Updates that are currently in various stages of being updated. Additional strategies detailed in Chapter 4 include a focus on major corridors in Higher Opportunity Areas, an

expansion of affordable housing incentive programs, opportunities for “missing middle” (low scale multifamily) housing as well as various targeted amendments to allow affordable housing on public land (PF Zones), Parking (P) zones, land owned by faith-based organizations as well as facilitating adaptive reuse citywide and micro units in Regional Centers.

It is important to note that the Rezoning Program Candidate Sites Inventory lists many more sites and potential units than will be necessary to satisfy the RHNA requirements. This is purposeful to allow the flexibility for future conversations on the rezoning strategies and sites. As such, sites included on the list should be considered a potential list of sites for rezoning consideration, not a list of sites that will be rezoned. Other sites can be added, and listed sites can be removed or amended. A public review process will ultimately decide which sites are rezoned over the next three years and at which densities but should follow the Housing Element’s objective of an equitable rezoning program that furthers fair housing goals.

With implementation of the Rezoning Program, it is anticipated that the plan will affirmatively further fair housing and work to create a more equitable set of land use regulations for the City. The Rezoning Program places a strong emphasis on expanding housing capacity — especially affordable housing capacity — in Higher Opportunity Areas of the City. As a result of this emphasis, the analysis finds that the Rezoning Program provides substantially more affordable housing opportunities in areas that currently have the least equitable zoning and produced less than their fair share of affordable housing. In this way, the Rezoning Program complies with state law requirements to affirmatively further fair housing.

For full analysis please refer to Chapter 4 of the Draft Housing Element.

Please note that the figures and assumptions herein may be subject to change in the final Housing Element based on review of the draft by the public and California Department of Housing and Community Development (HCD).