

Proposal to Replace top down RHNA allocation with bottom up plans based on feasibility

SBCCOG Steering Committee

March 9, 2026

Regional Housing Needs Assessment

- Housing Element adopted in 1969 during Ronald Reagan's first term, response to Federal Fair Housing Law of 1967
 - Specifically to address [housing discrimination](#)
- RHNA added to Housing Element in 1979 during Jerry Brown's second term, formalized a planning process, tightened the "fair share" requirement, started shift away from [combating discrimination to affordability and shorter commutes](#)
- Since its [1969 origins](#), state housing policy has continuously mandated construction
- Construction movement advanced by 425 laws in the last 8 years (CALCOG), mostly promoting development incentives

Pro Growth: Housing Construction Supporters

YIMBY – Yes in My Backyard

YIMBY Action and California YIMBY Fund the Movement

Their funding comes from self-interested beneficiaries

- Builders, venture capital, realtors, financiers, construction labor, insurance, leasing agents and building managers, construction labor
- Large employers esp technology firms (Stripe) & their executives (YELP) – low cost housing helps keep wages low

True Believers – urbanize the suburbs

- Individual grassroots donors (small but numerous)
- Philanthropic foundations

RHNA Resistance

- Political push back began in reaction to Cycle 5 allocations, leading to a [state audit](#) which recommended marginal reforms
- The late Redondo Beach Mayor, Bill Brand , formed Our Neighborhood Voices to circulate ballot measure to [change state constitution to require local land use control](#) –lacked funding and failed to get signatures for the 2024 ballot
- Non-profits oppose continuation of RHNA including CALE, Livable California, United Neighbors and more
 - CALE -- Local Council Members Mike Griffiths (Torrance), John Mirisch (BH)
- Most cities (want local control) and many citizen voices on Next Door (oppose density)

Propose SBCCOG Legislative Strategy

- Add RHNA Replacement to the SBCCOG's legislative agenda, change the dialogue away from RHNA Reform or compliance
- Distribute widely including for comment to County and State Assembly and Senate candidates BEFORE the November election
- Make RHNA Replacement a component of subsequent legislative meetings

South Bay RHNA Allocations

- Previous cycle (#5 2013-2021) added 860 new homes at below market rents
- Current cycle (#6 Oct 2021 – Oct 2029) requires 15,460 below market rents
- 18 TIMES Cycle 5
- Plus 5,540 moderate, 13,180 market
- Total 34,180 DUs

Investment Required

- At \$650,000 per DU **\$22.7 billion** for meeting Cycle 6 allotment
- \$10.3 billion for below market cost of production
- Option 1 -- If the 15,460 is satisfied through density bonuses, then **61,840 additional DUs will be necessary** = \$41.1 billion more paid by the developer recouped by market DUs beyond current zoning max
- Option 2 -- If paid for by Measure A, Housing Trust will have Measure A funds through LACAHSAs with an estimated shortfall of \$1.1 billion per year (per Housing Trust consultant)
- **Conclusion – RHNA allocation of below market DUs will not get built**
- **Planning for Cycle 7 (2028-2037) is beginning now**

Spouth Bay Cities vacant units (12/25) and homeless persons (2/26)

- Studio 319
 - 1 bedroom 888
 - 2 bedroom 845
 - 3 bedroom 214
 - 4 bedroom 33
- Total Vacant 2,361
Apartments.com

Total Homeless 1,387
Unsheltered 906
SBCCOG staff

RHNA must be replaced

Central planning of housing production

- taking multiple years to allocate targets to cities based on an algorithm developed by bureaucracy which an LA Times article referred to as “guestimation,”
- with no evaluation,
- no mid-course correction,
- and with severe penalties for non-compliance
- is obsolete.

It conflicts with realities of high volume changes in world we live in like the 2020 pandemic, remote work, recent rise of AI, extreme weather, work force reductions, price increases through tariffs, which require fast reactions, flexibility and adaptability which can only happen at the local level.

And

- Housing economics are complex – adding supply through new construction creates density and risks worsening housing affordability (Manhattan, Hong Kong)
- The justification for increasing supply to increase affordability is based on several false narratives
- The price-wage gap must be closed and increasing wages and wealth are part of what's needed.

SBCCOG Housing Policy Proposal

- Find a better way to achieve more affordable housing, not to stop housing construction
- Deploy a suite of policies deployed at the local level to address supply and demand, construction being one option
- LA County voted to tax itself to support housing construction
- SBCCOG formed a Housing Trust to strategically invest its share of the tax proceeds
- Density bonuses at 5 market rate for 1 below market is poor deal

Bottom-up planning for affordable housing

- Cities and their sub-regional JPAs collaborate to produce a feasibility report with 4 components
 - **Financial feasibility** – Going forward the SBCCOG expects to receive from LACAHS and other sources, the SB Housing Trust will determine the investments
 - **Carrying capacity** identifies shortages that cannot be addressed (water for example) and those that can with investment (water distribution network, solid waste disposal)
 - **Market analysis** using tools and data that were not available until recently to characterize the immediate needs based on local conditions
 - **Housing-transportation strategy** that identifies housing sites adjacent to dense destination clusters that contribute to complete neighborhoods with matching mobility strategy.

Application of Feasibility Report

- SBCCOG tells SCAG and HCD how many housing units we are able to afford, reasonably accommodate and strategically site
 - The feasibility analyses produce the **amount of housing by type** assigned to **priority sites** that can be accommodated and the **infrastructure and service requirements** needed to address the population increase which is **compiled into a report** and submitted to SCAG (or MPO in other regions)
- The feasible housing production along with requests for resources which SCAG aggregates from its sub-regions and forwards to state HCD

Funding

- Request for State to pass **REAP 3** dedicated to funding to
 - complete the feasibility analyses
 - expand the local government capacity to complete the report for SCAG and
 - continue monitoring the housing market, success of the mobility strategy and the infrastructure improvements.
- Local governments develop into the eyes and ears of the state departments so that they will be able to support and react to the local government programs that produce affordable, sustainable housing

Final Ask

- State immediately suspends enforcement of Cycle 6 and pauses RHNA planning for what would be Cycle 7 until the feasibility studies are complete and local jurisdictions self-determine the housing and mobility systems that fit into their sustainability framework, ensuring that the housing constructed will contribute to GHG emissions reduction and affordability.

Next Steps

White paper at May Board meeting?

Housing growth justification: Unaffordable housing forces local employees to live further out with long commutes

- 1/3 of South Bay residents work in the SB
- 2/3 of the local work force lives outside the SB
- BUT, 2/3 of local residents work outside the SB

Restate Housing Crisis

- Housing Crisis defined strictly as a lack of supply
- Virtually everything is unaffordable to an increasing number of HHs
- The condition of an insufficient housing options for moderate to low-income households is a predictable outcome from a market economy dominated by dramatic distortion of wealth distribution
- Wealthiest 10% own 60%
- Wealthiest 1% own 30%
- Every dollar of GNP growth is disproportionately captured by wealthy, the poor become relatively poorer through growth

Weaknesses of RHNA

- Central planning died with the demise of the Soviet Union in the early 1990s, Sacramento agencies dictating housing development is an anomaly in the current era.
- There is no evaluation and no opportunity for mid-course correction. **Rigidity is the enemy of sustainability.**
- Impossible for a planning process to begin in 2018 and predict housing needs in 2028. The plans could not have foreseen COVID and the sudden increase in remote work which complicated the housing market, increased extreme weather events, and rise of AI with its still evolving impact on jobs, etc.
- The regional determination is a political figure cloaked in data and rational analysis
 - “Defining and quantifying housing need is an exercise fraught with messy data, **guesstimation** and an inconvenient need for judgment calls” from “Why the housing shortage is so hard to quantify,” Ben Christorpher, September 28, 2025, Los Angeles Times

High volumes create problems

- High volumes can only be met by corporate developers with the capital to build large buildings – which increases the number of rental units in a sub-region interested in increasing resident ownership and minimizing housing as an asset class that attracts investors
- Given the only mobility strategy proposed by state HCD, the high housing volumes built in high densities will generate economy killing congestion.
- High volume allocations based on a 10 year forecast with the life of housing running to 75 to 100 years run the risk of overbuilding and stranded investment sometime in the future. This phenomenon was a cause of the 2008 recession.
- Housing and population increases cause an unfunded state mandate which could drive cities into bankruptcy.

RHNA based on False Narratives

- Affordable prices depend on one and only one variable – more supply through new construction.
 - There are many ways to increase affordable prices (e.g., constrain corporate ownership of housing), housing is not special as there is generally an across the board affordability problem, address the demand issue (i.e. everything can become affordable by closing the price wealth gap), build on inexpensive land, etc.
- Local government processes are the sole reason for lack of construction -- if so, funding should increase
- State agency can allocate housing volumes assuming siting and mobility strategies are not significant -- SBCCOG and SB cities have adopted sustainability plans which call for housing sited within a complete neighborhood framework matched by a micro mobility strategy --

Affordability: Close Price Wage Gap

- Everyone here has something they cannot afford.
- Affordable means the Price-Wage gap is minimal for lower income households
- Economists, business leaders and politicians have debated the [best solution](#) to make America's cost-of-living feel affordable again, including increasing health care and housing subsidies and reducing tariffs. But Powell, in laying out the reasons for the Fed's recent interest rate cuts, offered a much simpler solution: **Just pay people more money.** CNN 12/11/25

[Jerome Powell just made the best affordability argument for Trump | CNN Business](#)

Case Study Levittown Long Island

- 1947, agricultural land, potato field
- Built after [World War II](#) for returning white [veterans](#) and their new families, the communities offered attractive alternatives to **cramped central city locations and apartments**.
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Politics of Change

Top Down Pro-Growth

- Coalition of financial beneficiaries – e.g, YIMBY
- Urbanize the suburbs -- true believers including environmental organizations
- Bureaucrats – following directions, defending the law

RHNA Methodology

Determination

- Department of Finance makes demographic and job growth projections and delivers results to Housing and Community Development – 2 years at least
- SCAG (all MPOs) develops an allocation mechanism

Who owns the housing is a factor

- Housing for decades has been bought and sold as shelter. Recently it has been discovered by investors as an asset class seeking steady value escalation and a monthly income stream.
- Investors have been snapping up affordable housing across the country A Redfin report published in May says that investors bought a record 25% of low priced homes that sold in 2024's first quarter.
- Estimate 19% of CA houses are owned by investors
- Blackstone raised rent prices at double the market rate up 79% at one building, San Diego report says, Moneywise 2024

Benefits

Guaranteed: Financial to land owners, developers, financial institutions, insurers, construction labor, large scale employers

Speculative: Shorter commutes, reduce GHG emissions,