California is in the midst of a major housing shortage, which is causing a crisis of affordability and increased levels of homelessness across the state. Still, throughout the intensifying crisis, the Regional Housing Needs Assessment (RHNA) mandate, a blueprint that identifies how many and what types of housing units each jurisdiction in California needs to allocate and plan for in order to meet local housing needs at all levels of affordability, has remained insulated from substantive revision. The current law mandates that each of the state’s 539 jurisdictions – 482 incorporated cities and towns plus 57 unincorporated county areas – prepare an annual progress report (APR) on the status and advances they have made in implementing RHNA goals into the housing element of their local general plans. Jurisdictions are required to submit their APR to the California Department of Housing and Community Development (HCD).

A recent study published by Next 10 examines all of the state’s RHNA jurisdictions and finds most regions are chronically behind in permitting new housing units, with a significant number not participating in the reporting process at all. The Southern California Association of Governments (SCAG), the largest council of governments in the state, is a RHNA jurisdiction and the focus of this white paper.

Introduction

Compared to all other Councils of Governments in California, SCAG has delivered an average performance. As of the end of 2017:

- Of the 197 jurisdictions within SCAG, 16% have never submitted an APR, which is slightly fewer than the statewide average of 17%. However, Los Angeles County has a substantially higher percentage of jurisdictions (24%) that have never submitted an APR.

- Although the current cycle is half over, within SCAG’s jurisdiction, less than 30% of the housing units allocated by RHNA across all income levels have been permitted.

- Progress in developing lower-income units is further behind across SCAG’s jurisdiction. Only above-moderate-income units continue to be built and are closer to meeting the fifth RHNA cycle allocation.

- Just 9% of very-low-income, 9% of low-income, and 16% of moderate-income units assigned in the current RHNA cycle have been permitted within the SCAG jurisdiction compared to 52% of above moderate-income units permitted. In other words, none of the counties in SCAG’s jurisdiction have met the prorated RHNA goals for very-low, low-, and moderate-income levels.

- At the county level, Los Angeles County has the worst imbalance, where 5 out of every 6 housing units permitted have been for the above-moderate-income level, even though just 3 out of every 7 housing units assigned by RHNA are allocated for that income level.

Key Findings & Recommendations

1. Senate Bill 35 and Assembly Bill 879, both of which were signed into law in 2017, added new data requirements for the Housing Element and Annual Progress Reports of local governments, while Assembly Bill 72 added new enforcement opportunities.


3. Data for 2018 will be due to the HCD in April 2019 and HCD will release preliminary data around June 2019.
Current zoning and land use laws are not conducive to developing affordable housing due to regulations such as minimum lot size, minimum parking requirements, minimum set-backs, and minimum unit size.

Among SCAG jurisdiction respondents, the median minimum lot size for a single-family home is 6,500 square feet, which is higher than the median among respondents in the rest of California (6,000 square feet).

The median maximum density for single-family homes (dwelling units per acre) is lower in SCAG (6) than in the rest of California (7). The median minimum density is also lower in SCAG (1) than the rest of California (2), and the median minimum unit size is considerably higher – 1,000 square feet within the SCAG jurisdiction compared to 620 square feet in the rest of California.

Among SCAG jurisdiction respondents, the median minimum lot size for multi-family is significantly higher – 7,800 square feet versus 6,000 square feet in the rest of California.

Respondents within the SCAG jurisdiction also tend to allot a higher number of off-street parking spaces for multi-family housing units, with a mean of 1.97 parking spaces per unit compared to 1.72 in the rest of California.

For many RHNA jurisdictions, including SCAG, the fundamental obstacles to achieving mandated housing goals include land use regulations that favor single-family homes and considerable local opposition to development. Many Californians have opted, or have been forced, to share housing due to the state’s high cost of living — resulting in a reduction of new household formation. As a result, the rate of household formation continues to trend down, with no end in sight.

To better serve their constituents, local jurisdictions should (1) redefine housing needs and distribute housing allocations equitably across their regions; (2) zone based on existing demand; and (3) align housing development with projected demographic changes such as job and population growth.
Under the RHNA process, HCD identifies total housing need for the SCAG region for an almost eight year period. SCAG must then develop a methodology to distribute that need across its local jurisdictions in a manner consistent with each location’s housing need. Under RHNA’s fifth cycle (the most current adopted by SCAG and approved by HCD), SCAG’s projection period extends from January 1, 2014 to October 31, 2021 and its planning period from October 15, 2013 to October 15, 2021. This means the current cycle is already more than half over. One of the key objectives of this analysis is to provide a mid-point check on SCAG’s progress in implementing RHNA goals.

Among all of the state’s RHNA jurisdictions, SCAG’s performance falls in the middle of the pack. Compared to California as a whole, SCAG has performed slightly better in terms of timely APR submissions. Of the 197 jurisdictions within SCAG, 16% have never submitted an APR, which is slightly fewer than the statewide average of 17%. For 2017, the most recent RHNA year, 82% of SCAG jurisdictions submitted an APR, marginally more than the statewide average of 79%.

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**Year of Most Recently Submitted APR, Fifth RHNA Cycle**

Figure 1

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Source: California Department of Housing and Community Development; Analysis by UCR Forecasting Center

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4. Since APR submissions for 2018 are not due to HCD until April 2019, the most recent data (revised in December 2018 by HCD) run through 2017. As such, this white paper will consider SCAG’s progress through 2017 and for this purpose its proration factor of completion is 50%.
A closer analysis of the jurisdictions within SCAG, however, paints a more nuanced picture and illustrates how some areas are performing better than others. For example, when grouping SCAG jurisdictions by county, Los Angeles County has a substantially higher percentage of jurisdictions that have either never submitted an APR or submitted most recently for reporting year 2013. While 17% (34 jurisdictions) of all SCAG jurisdictions have either never submitted an APR or submitted most recently for 2013, 27% of SCAG jurisdictions in Los Angeles County (24 jurisdictions) have the same level of non-compliance. When excluding Los Angeles County, the percentage of SCAG jurisdictions that meet this degree of non-compliance falls to just 9%. Many of the noncomplying jurisdictions in Los Angeles County are the so-called Gateway Cities in the southeastern part of the County, including the City of Montebello, which Governor Gavin Newsom publicly called out as one of the 47 most noncomplying cities and counties.6

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**Share of SCAG Jurisdictions That Have Never Submitted an APR or Most Recently Submitted in 2013, By County**

**Figure 2**

<table>
<thead>
<tr>
<th>County</th>
<th>2013</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imperial County</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Los Angeles County</td>
<td>3%</td>
<td>24%</td>
</tr>
<tr>
<td>Orange County</td>
<td>6%</td>
<td>16%</td>
</tr>
<tr>
<td>Riverside County</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>San Bernardino County</td>
<td>16%</td>
<td>9%</td>
</tr>
<tr>
<td>Ventura County</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td><strong>SCAG Average</strong></td>
<td>17%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: California Department of Housing and Community Development; Analysis by UCR Forecasting Center

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5. The 31 jurisdictions that have never submitted an APR are: Adelanto, Azusa, Blythe, Bradbury, Canyon Lake, Commerce, Compton, Covina, El Segundo, Fillmore, Hawaiian Gardens, Hermosa Beach, Hidden Hills, Huntington Beach, Industry, Jurupa Valley, La Habra Heights, La Puente, Lancaster, Loma Linda, Lynnwood, Maywood, Montclair, Montebello, Palos Verdes Estates, Pico Rivera, Pomona, Rolling Hills, Seal Beach, Vernon, and Victorville. The 3 jurisdictions that have only submitted an APR for 2013 are: Huntington Park, Manhattan Beach, and South El Monte.

Excluding the 34 most non-complying SCAG jurisdictions leaves 163 jurisdictions for which the HCD has data on SCAG’s RHNA progress. Given California’s current housing crisis, it’s not surprising that these jurisdictions have, for the most part, fallen far short of accomplishing their assigned RHNA goals. Although the current cycle is half over, within SCAG’s jurisdiction, less than 30% of the housing units allocated by RHNA across all income levels have been permitted.

**SCAG’s Overall Fifth Cycle RHNA Progress, by County**

*Figure 3*

<table>
<thead>
<tr>
<th>County</th>
<th>Cycle Elapsed</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCAG Total</td>
<td>26%</td>
</tr>
<tr>
<td>Imperial</td>
<td>9%</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>35%</td>
</tr>
<tr>
<td>Orange</td>
<td>55%</td>
</tr>
<tr>
<td>Riverside</td>
<td>15%</td>
</tr>
<tr>
<td>San Bernardino</td>
<td>20%</td>
</tr>
<tr>
<td>Ventura</td>
<td>30%</td>
</tr>
</tbody>
</table>

Source: California Department of Housing and Community Development; Analysis by UCR Forecasting Center.

Note: result excludes the 34 jurisdictions for which HCD has no data.
Furthermore, it is clear that progress in developing lower-income units is farther behind across SCAG’s jurisdiction. To date, with 52% completion, only above-moderate-income units continue to be built and are closer to meeting the fifth RHNA cycle allocation. On the other hand, just 9% of very-low-income, 9% of low-income, and 16% of moderate-income units have been permitted within the SCAG jurisdiction. Ideally, housing units for these lower income levels should have also reached at least 50% completion at this point in the cycle.

**RHNA Fifth Cycle: Share of Housing Units Permitted by Income Level, SCAG Wide**

*Figure 4*

Source: California Department of Housing and Community Development; Analysis by UCR Forecasting Center.

Note: result excludes the 34 jurisdictions for which HCD has no data.
Drilling down, the same general pattern persists in nearly every SCAG county except Imperial, where just 4% of housing units for above-moderate-income households have been permitted versus 30% for moderate-income households. None of the counties in SCAG’s jurisdiction have met the prorated RHNA goals for very-low, low-, and moderate-income levels, although Orange County is close to meeting its goal for moderate-income households.

**RHNA Fifth Cycle: Share of Housing Units Permitted by Income Level and County**

Figure 5

Source: California Department of Housing and Community Development; Analysis by UCR Forecasting Center.

Note: result excludes the 34 jurisdictions for which HCD has no data.
Despite the fact that over 40% of the housing units assigned by RHNA within SCAG’s jurisdiction fall under the above-moderate-income level, it is clear that recent housing development overwhelming favors building for wealthier households. Among the 163 SCAG jurisdictions for which HCD has data, just 42% of the housing units assigned are allocated for above-moderate-income, yet 77% of the housing units permitted so far have been for that income level. At the county level, Los Angeles County has the worst imbalance, where 5 out of every 6 housing units permitted have been for the above-moderate-income level, even though just 3 out of every 7 housing units assigned by RHNA are allocated for that income level.

The question arises as to why the majority of housing being permitted and built is for above-moderate-income households. One plausible reason is that current zoning and land use laws are not conducive to developing affordable housing due to regulations such as minimum lot size, minimum parking requirements, minimum setbacks, and minimum unit size.
The survey covers a broad array of topics, including zoning regulations, affordable housing regulations, and local approval processes. The Residential Land Use Survey was distributed to all of California’s 482 incorporated cities and 57 unincorporated county areas. From August 2017 to August 2018, 250 of the 482 incorporated cities and 18 of the 57 county jurisdictions responded, for a total response rate of 50%.

Residential Land Use Patterns

The following section assesses current land use patterns for housing in SCAG’s jurisdiction. The data, the Terner California Residential Land Use Survey Dataset, comes from UC Berkeley’s Terner Center for Housing Innovation. The Terner Center designed and implemented a statewide residential land use survey in order to develop a detailed inventory of land use regulation at the jurisdictional level.

Of the 197 SCAG jurisdictions, 105 responded to the survey. The SCAG jurisdictions that responded comprise 70% of the population of California. The following analysis applies only to the SCAG jurisdictions that responded, for a total response rate of 53%. Note that for each question, this analysis excludes missing observations in which jurisdictions have failed to answer pertinent questions despite having responded to the survey.

SURVEY RESULTS:
Share of Land Zoned for Single-Family, Multi-Family, and Non-Residential Uses

Compared to the rest of California, according to survey respondents, a higher percentage of SCAG jurisdictions have either "a lot" (47%), "most" (25%), or "almost all" (2%) land zoned for single-family use. (Note: one SCAG jurisdiction that took the survey did not respond to this particular question.) In 77 of SCAG’s 104 responding jurisdictions (74%), at least 50% of the land is zoned for single-family. In the rest of California, just 63% of jurisdictions have zoned at least 50% of their land for single-family use.

Similarly, compared to the rest of California, according to survey respondents, a higher percentage of SCAG jurisdictions have either "a lot" (5.7%) or "most" (2.9%) land zoned for multi-family use. In 8.6% of SCAG’s 105 responding jurisdictions, at least 50% of the land is zoned for multi-family use. In the rest of California, just 3.6% of jurisdictions have zoned at least 50% of their land for single-family use.

**Share of Land Zoned for Multi-Family Use**

Figure 8

On the other hand, since SCAG jurisdictions tend to have a higher percentage of land zoned for single-family and multi-family use compared to the rest of California, a lower percentage of survey respondents from SCAG jurisdictions say they have zoned at least 50% of land for non-residential uses. Overall, just 11.5% of SCAG jurisdiction respondents say they have either “a lot”, “most”, or “almost all” land zoned for non-residential uses compared to 15.8% among respondents in the rest of California.

**SINGLE-FAMILY HOME LAND USE PATTERNS**

Although SCAG jurisdiction respondents are more likely to say they have dedicated at least “a lot” of land for single-family and multi-family uses than respondents in the rest of California, that is not indicative of more robust housing production. Among SCAG jurisdiction respondents, the median minimum lot size for a single-family home is 6,500 square feet, which is higher than the median among respondents in the rest of California (6,000 square feet). Also among SCAG jurisdiction respondents, the median maximum density for single-family homes (dwelling units per acre) is lower, the median minimum density (dwelling units per acre) is lower, and the median minimum unit size is considerably higher (61% higher). All of these characteristics (especially minimum unit size) correlate with larger single-family properties and less density. They also correlate with having a higher percentage of housing units permitted for above-moderate-income levels as compared to the rest of California.
### Single-Family Home Land Use Characteristics, Median Values

**Table 1**

<table>
<thead>
<tr>
<th></th>
<th>All Respondents</th>
<th>SCAG Respondents</th>
<th>Rest of CA Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum lot size, single-family (square feet)</td>
<td>6,000</td>
<td>6,500</td>
<td>6,000</td>
</tr>
<tr>
<td>Minimum lot width or street frontage, single-family (feet)</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Maximum floor area ratio, single-family (FAR)</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Maximum density, single-family (units per acre)</td>
<td>7</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Minimum density, single-family (units per acre)</td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Minimum unit size, single-family (square feet)</td>
<td>850</td>
<td>1,000</td>
<td>620</td>
</tr>
<tr>
<td>Maximum lot coverage, single-family (% of lot)</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Height limit, single-family (feet)</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Front yard setback, single-family (feet)</td>
<td>20</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Side yard setback, single-family (feet)</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Back yard setback, single-family (feet)</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>

### Multi-Family Home Land Use Patterns

Similar land use patterns emerge for multi-family development as well. Compared to respondents in the rest of California, among SCAG jurisdiction respondents, the median minimum lot size for multi-family is significantly higher, the median minimum lot width or street footage is higher, the median maximum floor-area-ratio is lower, the median minimum density is considerably lower, the median minimum unit size is higher, and the median side yard setback is substantially higher. Each one of these characteristics limit a jurisdiction's ability to build more units on a parcel of land.

### Multi-Family Home Land Use Characteristics, Median Values

**Table 2**

<table>
<thead>
<tr>
<th></th>
<th>All Respondents</th>
<th>SCAG Respondents</th>
<th>Rest of CA Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum lot size, multi-family (square feet)</td>
<td>6,000</td>
<td>7,800</td>
<td>6,000</td>
</tr>
<tr>
<td>Minimum lot width or street frontage, multi-family (feet)</td>
<td>60</td>
<td>65</td>
<td>60</td>
</tr>
<tr>
<td>Maximum floor area ratio, multi-family (FAR)</td>
<td>0.65</td>
<td>0.6</td>
<td>0.72</td>
</tr>
<tr>
<td>Maximum density, multi-family (units per acre)</td>
<td>24</td>
<td>24</td>
<td>23.5</td>
</tr>
<tr>
<td>Minimum density, multi-family (units per acre)</td>
<td>10</td>
<td>8.1</td>
<td>11</td>
</tr>
<tr>
<td>Minimum unit size, multi-family (square feet)</td>
<td>550</td>
<td>600</td>
<td>450</td>
</tr>
<tr>
<td>Maximum lot coverage, multi-family (% of lot)</td>
<td>0.55</td>
<td>0.525</td>
<td>0.55</td>
</tr>
<tr>
<td>Height limit, multi-family (feet)</td>
<td>35</td>
<td>35</td>
<td>38</td>
</tr>
<tr>
<td>Front yard setback, multi-family (feet)</td>
<td>20</td>
<td>20</td>
<td>15</td>
</tr>
<tr>
<td>Side yard setback, multi-family (feet)</td>
<td>5</td>
<td>7.75</td>
<td>5</td>
</tr>
<tr>
<td>Back yard setback, multi-family (feet)</td>
<td>15</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>
Off-street parking indicates that there is vehicle parking on private lots in the form of garages and driveways. The vast majority (3 out of 4) of SCAG jurisdiction respondents have 2 spaces zoned for each three-bedroom single-family residence. One very notable deviation is that 11% of SCAG respondents (12 out of 105) have zoned four off-street parking spaces. Of these 12 SCAG jurisdictions, eight are in Orange County alone: Anaheim, Costa Mesa, Fullerton, Garden Grove, Huntington Beach8, Santa Ana, Stanton and Westminster. More off-street parking spaces typically correlates with larger home sizes, and that, in turn, tends to make these homes unaffordable for households earning less than an above-moderate-income.

8. Huntington Beach is currently facing litigation for significantly reducing the number of housing units allowed in its local housing plan, and repeatedly declining to work with the state housing department to bring the City’s housing plan back into compliance with state law.

SCAG jurisdictions also tend to allot a higher number of off-street parking spaces for multi-family housing units, with a mean of 1.97 parking spaces per individual unit compared to 1.72 in the rest of California. These zoning requirements can be particularly problematic for efforts to develop denser, less expensive housing.

In general, not just in reference to SCAG jurisdictions, parking spots—especially subterranean parking—are expensive and the costs associated with parking requirements for new residential buildings have meant lower affordability for consumers, including those who do not own a vehicle. Adding one parking spot increases the overall cost of development by an additional 6.3%, while adding two spaces pushes the price up an additional 16%. This consequently affects housing prices and rents. Per parking space, consumers face a minimum increase in their housing cost of 12.5% and at the upper end, the added cost can be as much as 25%. 9

Furthermore, smaller properties are affected as well as larger ones. For example, for every parking space added, there is a 37% decline in maximum density for 500 square foot homes versus a 13% decline for 2,000 square foot homes. The extra parking requirements in many SCAG jurisdictions reduce the number of smaller sized properties that can be developed, decreasing affordability among the very type of housing that lower-income households tend to purchase or rent.

Resident Parking Spaces per Two Bedroom Multi-Family Residences
Figure 11

Note: Error bars represent standard deviations.

An accessory dwelling unit (ADU) refers to a self-contained secondary house or apartment in an owner-occupied single-family home. It can be attached to the home or be a separate structure on the property. ADUs are an affordable, space-maximizing solution for a broad mix of the population including students and others who cannot afford or do not want to rent another apartment or a house. SCAG jurisdictions tend to have lower ADU fees across price percentiles something that helps facilitate the development of ADUs.

**Accessory Dwelling Unit Fees**

*Figure 12*

On the other hand, SCAG jurisdictions are lagging the rest of California in terms of local ADU ordinance adoption. Just 52% of SCAG jurisdiction respondents indicate that they have adopted a local ADU ordinance compared to 78% of respondents in the rest of California. A lack of ADU ordinance adoption may stunt the development of these types of secondary units in SCAG jurisdictions, despite having lower associated fees. The lower fees would otherwise be a boon to the development of additional housing units without the need to rezone land, issue a zoning variance, or use up new or additional land to meet demand.

**Local ADU Ordinance Adoption**

![Local ADU Ordinance Adoption](source)


The number of off-street parking spaces zoned for ADUs does not differ much among SCAG jurisdiction respondents versus respondents in the rest of California. However, about one-third of the SCAG respondents provided no information.

**Off-Street Parking Spaces for ADUs**

![Off-Street Parking Spaces for ADUs](source)

Conclusion

For many RHNA jurisdictions, including SCAG, the fundamental obstacles to achieving mandated housing goals include land use regulations that favor single-family homes and considerable local opposition to development.

Many Californians have opted, or have been forced, to share housing due to the state’s high cost of living — resulting in a reduction of new household formation. As a result, the rate of household formation continues to trend down, with no end in sight.

Based on the results in this analysis, to better serve their constituents, local RHNA jurisdictions in California should (1) redefine housing needs and distribute housing allocations equitably across their region; (2) zone based on existing demand; and (3) align housing development with projected demographic changes such as job and population growth. Taking these steps will move the state in the right direction in terms of housing production and help to address the mounting housing shortage, which has the very real potential to disrupt and slow California’s economic growth.
About the Center for Economic Forecasting and Development

The UC Riverside School of Business Center for Economic Forecasting and Development opened its doors in October 2015 and represents a major economic research initiative in one of California’s most vital growth regions. The Center produces a wide variety of research both independently and in collaboration with academic, business, and government partners. Research products include monthly employment analyses, quarterly regional economic forecasts, a quarterly business activity index, a white paper series, and a major regional economic forecast conference, hosted annually.

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