



California Department of Housing and Community Development

Regional Housing Needs Allocation and Housing Elements

Since 1969, California has required that all local governments (cities and counties) adequately plan to meet the housing needs of everyone in the community. California's local governments meet this requirement by adopting housing plans as part of their "general plan" (also required by the state). General plans serve as the local government's "blueprint" for how the city and/or county will grow and develop and include seven elements: land use, transportation, conservation, noise, open space, safety, and housing. The law mandating that housing be included as an element of each jurisdiction's general plan is known as "housing-element law."

California's housing-element law acknowledges that, in order for the private market to adequately address the housing needs and demand of Californians, local governments must adopt plans and regulatory systems that provide opportunities for (and do not unduly constrain), housing development. As a result, housing policy in California rests largely on the effective implementation of local general plans and, in particular, local housing elements.

Background

Topics Covered

- Why It Matters
- The Role of HCD
- Assessment: Calculating the Housing Need in Each Region
- Allocation: Divvying up the Need Among Cities and Counties
- Housing-Element Update Cycles

Why It Matters

Updating a jurisdiction's housing element, while important to meeting one of the most basic needs of Californians, can be daunting, and a lot is at stake. Individuals and families are directly affected by each jurisdiction's ability to plan for the housing needs of those who will live, work, and play in every community.

Those who build homes and apartments and help families become homeowners often rely on funding from state and federal housing programs administered by HCD and other state departments and agencies. In some cases, funding from state/federal housing programs can *only* be accessed if the jurisdiction has a compliant housing element. In other cases, a compliant housing element is not a requirement in order to apply for funding; however, those applying for funding will receive *extra points* on their application if they *do* have a compliant housing element (thereby increasing their chances in the competitive application process). View a list of the housing programs that require housing-element compliance (or award extra points for applicants who have compliant housing elements) in Incentives for Housing Element Compliance (PDF).

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 (and estimate how much will be needed at a variety of affordability levels in order to match the needs of the people who will live there). This is determined by a process called the regional housing needs assessment.

The Role of the California Department of Housing and Community Development

The California Department of Housing and Community Development (HCD) plays the critical role of reviewing every local government's housing element to determine whether it complies with state law and then submits written findings back to each local government. HCD's approval is required before a local government can adopt its housing element as part of its overall General Plan.

Jurisdictions can opt to update their housing elements every five years or every eight years. The option to use an eight-year schedule was created to better align with the schedule local governments (or COGs/MPOs) have to meet to update their Regional Transportation Plans (which are updated every four years). now mandated to align with housing plans in Regional Sustainable Communities Strategies).

Assessment: Calculating the Housing Need in Each Region

HCD is responsible for determining the regional housing needs *assessment* (segmented by income levels) for each region's planning body known as a "council of governments" (COG). HCD starts with demographic population information from the California Department of Finance and uses a formula to calculate a figure for each region/COG.

Each COG uses its own demographic figures to calculate what it believes the regional housing need is. Each COG then coordinates with HCD — taking into account factors not captured in the calculations — to arrive at a final figure. This final figure is the regional housing needs *assessment*.

Allocation: Divvying up the need amongst cities and counties

Once HCD and the COG have agreed to the region's assessment figure (the amount of housing that must be planned for), the COG takes over and is responsible for divvying up (allocating) the housing need amongst all of the jurisdictions (cities/counties) within that region. The COG does this in a Regional Housing Need Allocation Plan (RHNA Plan). Learn more in [Building Blocks: A Comprehensive Housing-Element Guide](#).

Housing-Element Update Cycles

To date, there have been four previous housing element update "cycles." California is now in its fifth "housing-element update cycle."

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