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Regional Housing Needs Assessments

The Department of Housing and Community Development Must Improve Its Processes to Ensure That Communities Can Adequately Plan for Housing

Background

In order for California's cities and counties to plan and develop sufficient housing for their residents, HCD periodically conducts regional housing needs assessments. For HCD's needs assessments to accurately portray current housing needs and anticipate what those needs will be in the future, the agency relies on data from multiple sources. Some of these data come from consortia of local governments, some are projections that Finance provides, and others are adjustments that HCD develops on its own to account for factors like vacancy rates and housing replacement needs.

Key Findings

- HCD has not sufficiently reviewed and supported housing needs assessments.
 - It made errors when completing its needs assessments because it does not sufficiently review and verify all of the data it uses.
 - It did not demonstrate that it adequately considered certain factors that state law requires for housing needs assessments in some regions.
 - It was not able to adequately support the healthy housing vacancy rate that it used to adjust the number of new housing units needed.
 - It did not identify a problematic proposal from a region and inappropriately reduced its needs assessment.
- Although Finance provides reasonable population projections, it has not provided sufficient support for its projections of the number of households that are likely to be formed in the future.

Key Recommendations

- HCD should do the following:
 - Institute a process to ensure that its staff performs multiple reviews of data in its assessments and establish a formal process to document its consideration of all factors required by state law in needs assessments.
 - Perform a formal analysis of healthy housing vacancy rates and historical trends to inform its adjustments in this area.
 - Develop a formal process to review the appropriateness of data that consortia of local governments submit.
- Finance should conduct and document a comprehensive review of some of its assumptions about household formation rates it uses in projections.

