

# RHNA, Incomes & Affordability



## What is RHNA?

The Regional Housing Needs Assessment (RHNA) is mandated by State Housing Law as part of the periodic process of updating local housing elements of the General Plan. The Southern California Association of Governments (SCAG) prepares the RHNA for the region, and takes into consideration how population changes, the regional economy, and the region's transportation network affects the need for housing. In addition, SCAG is required to consider how growth in the region will achieve state climate change goals and requirements.

The RHNA results in a determination of how much housing a local jurisdiction must plan for during a specific housing element planning period. The current housing element planning period for the SCAG region commenced in 2014 will end in October 2021. The upcoming housing element planning period will cover October 2021 through 2029. RHNA Allocations (number of new housing units needed in the next 8 years):

- » **Irvine:** 23,610
- » **Lake Forest:** 3,236
- » **Laguna Woods:** 997
- » **Mission Viejo:** 2,217
- » **Aliso Viejo:** 1,195
- » **Laguna Hills:** 1,985
- » **Laguna Niguel:** 1,207



For additional information about RHNA, SCAG maintains a comprehensive web page dedicated to RHNA and the RHNA process at: <https://scag.ca.gov/rhna>



More information on SCAG's RHNA methodology can be found here: <https://scag.ca.gov/sites/main/files/file-attachments/scag-final-rhna-methodology-030520.pdf?1602189316>

## What Counts Towards RHNA?

- Residential units that could be developed on vacant sites
- Residential units that could be developed on non-vacant sites
- Programs in the Housing Element to change zoning so more housing can be accommodated on vacant or non-vacant sites
- Residential units approved or constructed starting June 30, 2021
- In limited quantities:
  - » Anticipated Accessory Dwelling Units (ADUs)
  - » Programs in the Housing Element to facilitate:
    - Conversion from non-affordable to affordable units with assistance from local jurisdiction
    - Substantial rehabilitation
    - Internal conversions of larger homes to 2-, 3- and 4-plexes

## Adequate Sites and Rezone Programs

The City is not required to build housing but must demonstrate the availability of “adequate sites” meaning land that is suitable for residential development to accommodate the City’s share of regional need. This land can be vacant sites, or sites that are “underutilized” and have potential for additional residential development or redevelopment. The land must have appropriate zoning, meaning development standards and regulations that facilitate housing development for all income categories. If a jurisdiction cannot demonstrate that it has adequate sites with appropriate zoning for new housing commensurate with its RHNA allocation, then the jurisdiction must rezone the identified vacant and/or underutilized sites to accommodate for the RHNA allocation. The Housing Element can include a program to modify the zoning and/or development standards on identified sites to provide the appropriate zoning for accommodating the RHNA.

As part of each jurisdictions’ RHNA allocation, certain amount of the identified units must be capable of being developed with lower-income units (i.e., the extremely low, very-low- and low-income categories). Density is one of the most important factors that affect the feasibility of housing that is affordable to households with lower incomes. Higher density reduces the land cost for each housing unit, thereby reducing total development cost. “Default” densities are set by California statute. These are the densities that are presumed to be suitable for lower income housing. For Laguna Hills, like most cities in metropolitan areas, the default density is 30 housing units per acre. To satisfy the lower-income allocation, jurisdictions may need to increase the density for the identified sites to match the "default" density. Since Laguna Hills is a built-out community, the City must look to underutilized sites to accommodate the RHNA.

## Incomes and Affordability

The state’s RHNA regulations require the City to plan for housing for all segments of a community, which requires the City to include planning for housing for people with various income levels identified by state law. These income categories are based on the county-wide median income. For Orange County, the average median income (AMI) for 2020 was \$103,000 for a family of four. Other income categories are based on the County AMI, and include the categories listed in the table below. The table also shows the maximum housing costs considered to be affordable to households at the specified income levels.

**Summary of Housing Affordability and Availability, 2020**

Income Group	Annual Income (Family of Four)	Maximum Affordable Rent (Monthly)	Maximum Affordable Sales Price
Extremely Low (0–30% AMI)	< \$38,450	\$961	\$223,716
Very Low (31–50%)	\$38,451- \$64,050	\$1,601	\$372,666
Low (51–80% AMI)	\$64,051-\$102,450	\$2,561	\$596,092
Moderate (81–120% AMI)	\$102,451- \$123,600	\$3,090	\$719,150

Calculation of affordable home sales prices assumes affordable payment, down payment of 10%, annual interest rate of 4%, 30-year mortgage.  
Income limits based on HCD Maximum Income Limits, 2020