



## Executive Committee Agenda

Friday, July 12, 2024,  
9 a.m.

Welcome to SANDAG. The Executive Committee meeting scheduled for Friday, July 12, 2024, will be held in person in the SANDAG Board Room. While Committee members will attend in person, members of the public will have the option of participating either in person or virtually.

For public participation via Zoom webinar, click the link to join the meeting: <https://us02web.zoom.us/j/85796075658>

Webinar ID: 857 9607 5658

To participate via phone, dial a number based on your current location in the US:

+1 (669) 900-6833      +1 (929) 205-6099      International numbers available: <https://us02web.zoom.us/j/85796075658>

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**Public Comments:** Members of the public may speak to the Executive Committee on any item at the time the Committee is considering the item. Public speakers are generally limited to three minutes or less per person.

Persons who wish to address the members on an item to be considered at this meeting, or on non-agendized issues, may email comments to the Clerk at [clerkoftheboard@sandag.org](mailto:clerkoftheboard@sandag.org) (please reference Executive Committee meeting in your subject line and identify the item number(s) to which your comments pertain). Comments received by 4 p.m. the business day before the meeting will be provided to members prior to the meeting. All comments received prior to the close of the meeting will be made part of the meeting record.

If you desire to provide in-person verbal comment during the meeting, please fill out a speaker slip, which can be found in the lobby. If you have joined the Zoom meeting by computer or phone, please use the "Raise Hand" function to request to provide public comment. On a computer, the "Raise Hand" feature is on the Zoom toolbar. By phone, enter \*9 to "Raise Hand" and \*6 to unmute. Requests to provide live public comment must be made at the beginning of the relevant item, and no later than the end of any staff presentation on the item. The Clerk will call on members of the public who have timely requested to provide comment by name for those in person and joining via a computer, and by the last three digits of the phone number of those joining via telephone. Should you wish to display media in conjunction with your comments, please inform the Clerk when called upon. The Clerk will be prepared to have you promoted to a position where you will be able to share your media yourself during your allotted comment time. In-person media sharing must be conducted by joining the Zoom meeting on the personal device where the content resides. Please note that any available chat feature on the Zoom meeting platform should be used by panelists and attendees solely for procedural or other "housekeeping" matters as comments provided via the chat feature will not be retained as part of the meeting record. All comments to be provided for the record must be made in writing via email or speaker slip, or verbally per the instructions above.

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To hear the verbatim discussion on any agenda item following the meeting, the [audio/video](#) recording of the meeting is accessible on the SANDAG website.

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**Vision Statement:** *Pursuing a brighter future for all*

**Mission Statement:** *We are the regional agency that connects people, places, and innovative ideas by implementing solutions with our unique and diverse communities.*

**Our Commitment to Equity:** *We hold ourselves accountable to the communities we serve. We acknowledge we have much to learn and much to change; and we firmly uphold equity and inclusion for every person in the San Diego region. This includes historically underserved, systemically marginalized groups impacted by actions and inactions at all levels of our government and society.*

*We have an obligation to eliminate disparities and ensure that safe, healthy, accessible, and inclusive opportunities are available to everyone. The SANDAG equity action plan will inform how we plan, prioritize, fund, and build projects and programs; frame how we work with our communities; define how we recruit and develop our employees; guide our efforts to conduct unbiased research and interpret data; and set expectations for companies and stakeholders that work with us.*

*We are committed to creating a San Diego region where every person who visits, works, and lives can thrive.*

# Executive Committee

Friday, July 12, 2024

## Comments and Communications

### 1. Non-Agenda Public Comments/Member Comments

Members of the public shall have the opportunity to address the Executive Committee on any issue within the jurisdiction of the Executive Committee that is not on this agenda. Public speakers are limited to three minutes or less per person. Public comments under this agenda item will be limited to five public speakers. If the number of public comments under this agenda item exceeds five, additional public comments will be taken at the end of the agenda. Executive Committee members and SANDAG staff also may present brief updates and announcements under this agenda item.

## Consent

### +2. Approval of Meeting Minutes

Approve

*Tessa Lero, SANDAG*

The Executive Committee is asked to approve the minutes from its May 10, 2024, meeting.

[Meeting Minutes](#)

### +3. Review of Draft Board Agendas

Approve

*Ariana Galvan, SANDAG*

The Executive Committee is asked to approve the draft agendas for the July 26, 2024, and September 13, 2024, Board of Directors meetings.

[BOD 7-26 Draft Agenda](#)

[BOD 9-13 Draft Agenda](#)

### +4. Legislative Status Report

Approve

*Hannah Stern, Jose Alvarez, Hector Vanegas, SANDAG*

The Executive Committee is asked to take a “support if amended” position on Senate Bill 1098.

[Legislative Status Report](#)

[Att. 1 - State Report from Ellison & Wilson](#)

[Att. 2 - Federal Report from Peter Peyser Associates, LLC](#)

[Att. 3 - Senate Bill 1098 \(Blakespear\)](#)

## Reports

### +5. Regional Housing Needs Allocation (RHNA) Update

Approve

*Antoinette Meier, Robyn Wapner, Stacey Cooper, Samantha Foulke, Jose Alvarez, SANDAG; Kirk Blackburn, Ellison Wilson Advocacy, LLC*

SANDAG staff will present a high-level overview of the California Department of Housing and Community Development’s Report: California’s Housing Future 2040: The Next Regional Housing Needs Assessment and related legislation. The Executive Committee is asked to approve the proposed legislative principles and a “support” position for AB 2485 (Carrillo).

Regional Housing Needs Allocation Update  
Att. 1 - Additional Considerations  
Att. 2 - SANDAG RHNA letter draft  
Att. 3 - Assembly Bill 2485 (Carrillo)  
Supporting Materials

**6. Adjournment**

The next meeting of the Executive Committee is scheduled for Friday, September 13, 2024,  
at 9 a.m.

+ next to an agenda item indicates an attachment

July 12, 2024

## **May 10, 2024, Meeting Minutes**

### **[View Meeting Video](#)**

Vice Chair Sean Elo-Rivera (City of San Diego) called the meeting of the Executive Committee to order at 9 a.m.

#### **1. Public Comments/Communications/Member Comments**

Public Comments: Michael Brando, Truth, Mark, Phone #415, and Blair Beekman.

Member Comments: None.

#### **Consent**

#### **2. Approval of Meeting Minutes**

The Executive Committee was asked to approve the minutes from its February 9, 2024, meeting.

#### **3. Review of Draft Board Agendas**

The Executive Committee was asked to approve the draft agendas for the May 24, 2024, as amended; and the June 14, 2024, Board of Directors meetings.

Public Comments: Truth, Mark, The OriginalDra, Blair Beekman, Phone #813, and Phone #415.

Action: Upon a motion by Mayor Rebecca Jones (North County Inland), and a second by Councilmember Melanie Burkholder (North County Coastal), the Executive Committee voted to approve the balance of the Consent Agenda.

The motion passed.

Yes: Vice Chair Elo-Rivera, Councilmember Burkholder, Mayor Racquel Vasquez (East County), Mayor Jones, and Councilmember Luz Molina (South County).

No: None.

Abstain: None.

Absent: County of San Diego.

#### **4. Proposed 2024 Program Budget Amendment: Department of Justice Inquiry Costs**

The Executive Committee was asked to approve the allocation of \$500,000 from the Contingency Reserve in FY 2024, to fund the costs associated with responding to the inquiries from the Department of Justice.

Public Comments: Truth, Mark, Phone #415, Phone #813, The OriginalDra, and Blair Beekman

Action: Upon a motion by Mayor Rebecca Jones (North County Inland), and a second by Councilmember Melanie Burkholder (North County Coastal), the Executive Committee voted to approve

The motion passed.

Yes: Vice Chair Elo-Rivera, Councilmember Burkholder, Mayor Racquel Vasquez (East County), Mayor Jones, and Councilmember Luz Molina (South County).

No: None.

Abstain: None.

Absent: County of San Diego.

## **Reports**

### **5. Discussion of SANDAG Board Policy No. 039**

Audit Committee Chair David Zito (Solana Beach) presented the item.

The Executive Committee was asked to provide feedback on proposed amendments to SANDAG Board Policy No. 039: Audit Policy Advisory Committee and Audit Activities.

Public Comments: Truth, Mark, Mary D., Phone #415, Blair Beekman, The OriginalDra, and Phone #813.

Action: Upon a motion by Vice Chair Elo-Rivera, and a second by Mayor Jones, the Executive Committee voted to recommend that the Board of Directors approve the revisions to Board Policy No. 039, including a revision to Section 2.4, the chair and vice chair will be appointed annually, or whenever a vacancy occurs, the Audit Committee members themselves will select by a majority vote of the Committee which members of the Audit Committee will hold the chair and vice chair positions on the Audit Committee.

The motion passed.

Yes: Vice Chair Elo-Rivera, Councilmember Burkholder, Mayor Vasquez, Mayor Jones, and Councilmember Molina.

No: None.

Abstain: None.

Absent: County of San Diego.

Continued Non-Agenda Public Comments: The OriginalDra.

### **6. Adjournment**

The next meeting of the Executive Committee is scheduled for Friday, June 14, 2024, at 9 a.m.

Vice Chair Elo-Rivera adjourned the meeting at 9:54 a.m.

## Confirmed Attendance at Executive Committee Meeting

| Jurisdiction                       | Name                                 | Member/<br>Alternate | Attend |
|------------------------------------|--------------------------------------|----------------------|--------|
| City of San Diego                  | Vice Chair Sean Elo-Rivera           | Primary              | Yes    |
|                                    | Councilmember Raul Campillo          | Alternate            | No     |
|                                    | Councilmember Vivian Moreno          | Alternate            | No     |
| County of San Diego                | Chairwoman Nora Vargas               | Primary              | No     |
|                                    | Supervisor Monica Montgomery Steppe  | Alternate            | No     |
| East County                        | Mayor Racquel Vasquez                | Primary              | Yes    |
|                                    | Councilmember Jack Shu               | Alternate            | Yes    |
| North County Coastal               | Mayor Lesa Heebner, 2nd Vice Chair   | Primary              | No     |
|                                    | Councilmember Melanie Burkholder     | Alternate            | Yes    |
| North County Inland                | Mayor Rebecca Jones                  | Primary              | Yes    |
|                                    | Mayor Steve Vaus                     | Alternate            | Yes    |
| South County                       | Councilmember Luz Molina             | Primary              | Yes    |
|                                    | Councilmember John Duncan            | Alternate            | No     |
| Ex-Officio Members                 | Name                                 |                      | Attend |
| Chair, Transportation Committee    | Councilmember Jack Shu               |                      | Yes    |
| Chair, Public Safety Committee     | Councilmember Jose Rodriguez         |                      | No     |
| Chair, Borders Committee           | Supervisor Jesus Eduardo Escobar     |                      | No     |
| Chair, Audit Committee             | Councilmember David Zito             |                      | Yes    |
| Chair, Regional Planning Committee | Council President Pro Tem Joe LaCava |                      | No     |

# Board of Directors

Friday, July 26, 2024

## Comments and Communications

### 1. Non-Agenda Public Comments/Member Comments

Public comments under this agenda item will be limited to five public speakers. Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG that is not on the agenda. Public speakers are limited to three minutes or less per person. If the number of public comments under this agenda item exceeds five, additional public comments will be taken at the end of the agenda. Board members and SANDAG staff also may present brief updates under this agenda item.

Consent

### +2. Approval of Meeting Minutes

*Tessa Lero, SANDAG*

Approve

The Board of Directors is asked to approve the minutes from its July 12, 2024 meeting.

### +3. Chief Executive Officer Delegated Actions\*

*Beth Lupu, SANDAG*

Information

In accordance with various Board Policies, this report summarizes delegated actions taken by the Chief Executive Officer.

### +4. Draft 2025 Regional Transportation Improvement Program\*

*Richard Radcliffe, SANDAG*

Approve

The Transportation Committee recommends that the Board of Directors accept the draft 2025 Regional Transportation Improvement Program, including its air quality conformity analysis and draft air quality conformity redetermination of the revenue constrained 2021 Regional Plan, for distribution for a 30 day public review and comment period and to set a public hearing.

### +5. Policy Advisory Committee Actions

*Francesca Webb, SANDAG*

Approve

The Board of Directors is asked to ratify the actions taken by the Policy Advisory Committees since the last Board meeting.

### +6. Federal Transit Administration Final FFY 2025-2027 Disadvantaged Business Enterprise Program Triennial Goal

*Jennifer Bianchi, SANDAG; Ed Salcedo, GCAP Services*

Approve

The Board of Directors is asked to approve the Final Proposed Triennial Federal Transit Administration Overall Disadvantaged Business Enterprise Goal and Methodology for Federal Fiscal Years 2025-2027.

### +7. Revised Conflict of Interest Code

*Tessa Lero, SANDAG*

Approve



The Board of Directors is asked to approve the recommended changes to the SANDAG Conflict of Interest Code.

**+8. Equal Employment Opportunity Program**

Information

*Joshua Golter, SANDAG*

In accordance with Board Policy No. 007: Equal Employment Opportunity (EEO) Program, this report summarizes employment results for FY 2024, and reviews EEO Program goals for the upcoming year.

**+9. Approval of Proposed Solicitations and Contract Awards**

Approve

*Kelly Mikhail, SANDAG*

The Board of Directors is asked to authorize the Chief Executive Officer to conduct the proposed solicitation(s) and to award contracts as identified in this report.

**Reports**

**+10. 2024 TransNet Independent Taxpayer Oversight Committee Annual Report\***

Information

*TransNet Independent Taxpayer Oversight Committee Chair*

In accordance with the TransNet Extension Ordinance, the TransNet Independent Taxpayer Oversight Committee (ITOC) Chair will present the 2024 ITOC Annual Report, including the results of the FY 2023 TransNet Fiscal and Compliance Audit.

**+11. FY 2024 TransNet Triennial Performance Audit\***

Information

*Cathy Brady and Kelly Hansen, Sjoberg Evashenk Consulting*

Staff from Sjoberg Evashenk Consulting, Inc. will present results of the FY 2024 TransNet Triennial Performance Audit, including an overview of progress toward meeting TransNet Extension Ordinance goals.

**+12. FY 2023 Audited Annual Comprehensive Financial Report and Other Financial and Compliance Matters\***

Information

*Pascal Saghbini, SANDAG; Jennifer Farr, DavisFarr*

In accordance with SANDAG Bylaws, the results of the FY 2023 Annual Comprehensive Financial Report and other Financial and Compliance Matters in compliance with the statement of Auditing Standards 114 will be presented.

**+13. Proposed FY 2025 Budget Amendment: Regional Bikeway Early Action Program\***

Approve

*Omar Atayee, SANDAG*

The Transportation Committee recommends that the Board of Directors approve an amendment to the FY 2025 Program Budget for the Regional Bikeway Program.

**Closed Session**

**14. Conference with Legal Counsel – Significant Exposure to Litigation Pursuant to Government Code Section 54956.9 (D)(2) (One Potential Case)**

*John Kirk, SANDAG*

## **Adjournment**

### **15. Adjournment**

The next Board of Directors meeting is scheduled for Friday, September 13, 2024,  
at 10 a.m.

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\* next to an agenda item indicates that the Board of Directors also is acting as the San Diego County  
Regional Transportation Commission for that item

DRAFT

# Board of Directors

Friday, September 13, 2024

## Comments and Communications

### 1. Non-Agenda Public Comments/Member Comments

Public comments under this agenda item will be limited to five public speakers. Members of the public shall have the opportunity to address the Board on any issue within the jurisdiction of SANDAG that is not on the agenda. Public speakers are limited to three minutes or less per person. If the number of public comments under this agenda item exceeds five, additional public comments will be taken at the end of the agenda. Board members and SANDAG staff also may present brief updates under this agenda item.

### Consent

#### +2. Approval of Meeting Minutes

*Victoria Stackwick, Tessa Lero, SANDAG*

Approve

The Board of Directors is asked to approve the minutes from its July 26, 2024, meeting.

#### +3. Policy Advisory Committee Actions

*Victoria Stackwick, Francesca Webb, SANDAG*

Approve

The Board of Directors is asked to ratify the actions taken by the Policy Advisory Committees since the last Board meeting.

#### +4. Meetings and Events Attended on Behalf of SANDAG

*Victoria Stackwick, Francesca Webb, SANDAG*

Information

This report provides an update on meetings and events attended by Board members.

#### +5. 2024 FTA Title VI Program Update

*Melissa Coffelt, Catherine Thibault, Elaine Richardson, SANDAG*

Approve

The Board of Directors is asked to adopt Resolution No. 2024-XX, approving the SANDAG 2024 Title VI Program.

#### +6. Approval of Proposed Solicitations and Contract Awards

*Kelly Mikhail, SANDAG*

Approve

The Board of Directors is asked to authorize the Chief Executive Officer to conduct the proposed solicitation(s) and to award contracts as identified in this report.

### Reports

#### +8. First Reading of Proposed Amendments to TransNet Extension Ordinance\*

*TransNet Independent Taxpayer Oversight Committee Chair; Susan Huntington, Zara Sadeghian, SANDAG*

Conduct  
First  
Reading

The Board of Directors, acting as the San Diego County Regional Transportation Commission (RTC), is asked to conduct the first reading of RTC Ordinance No.

RTC-CO-2024-01, related to Independent Taxpayer Oversight Committee membership and selection process, by reading the title and waiving full recitation of the Ordinance for this and all future readings.

**+9. 2025 Regional Plan: Initial Concept Model Results**

Discussion

*Antoinette Meier, SANDAG*

Staff will provide an overview of initial modeling results for the draft 2025 Regional Plan initial concept.

**+10. Public Hearing for Proposed Final 2025 Regional Transportation Improvement Program**

Conduct  
Public  
Hearing

*Susan Huntington, Richard Radcliffe, SANDAG*

The Board of Directors is asked to hold a public hearing and receive testimony for the proposed final 2023 Regional Transportation Improvement Program (RTIP), including its Air Quality Conformity Analysis and Air Quality Conformity Redetermination of the revenue constrained 2021 Regional Plan.

**+11. FY 2025 Proposed Program Budget Amendment: State Route 125 Project Initiation Document and Equity Analysis**

Approve

*Antoinette Meier, SANDAG; Nikki Tiongco, Caltrans*

The Board of Directors is asked to approve an amendment to the FY 2025 Program Budget to allocate funds and create a new CIP project number for the SR 125 Project Initiation Document and Equity Analysis project.

**Closed Session**

**12. Placeholder: Closed Session**

*John Kirk, SANDAG*

TBD - AG requested language

**Adjournment**

**13. Adjournment**

The next Board of Directors meeting is scheduled for Friday, September 27, 2024, at 10 a.m.

+ next to an agenda item indicates an attachment

\* next to an agenda item indicates that the Board of Directors also is acting as the San Diego County Regional Transportation Commission for that item.

July 12, 2024

## Legislative Status Report

### Overview

Status reports on SANDAG legislative activities are provided to the Executive Committee on a regular basis. In addition, periodically the SANDAG legislative team brings forward bills that advance SANDAG priorities and projects that align with the latest approved SANDAG Legislative Program.

#### Action: **Approve**

The Executive Committee is asked to take a “support if amended” position on Senate Bill 1098.

#### Fiscal Impact:

None.

#### Schedule/Scope Impact:

None.

### Key Considerations

SANDAG staff are proposing a “support if amended” position on Senate Bill 1098. Support of a bill means that SANDAG and its advocates will work to pursue passage of the legislation through submittal of letters of support, participation in hearings, and related activities. Supporting a bill if amended indicates future support if further specific changes are made to the bill’s text.

### Senate Bill 1098: **Passenger and freight rail: LOSSAN Rail Corridor**

This bill by Senator Catherine Blakespear would require the Secretary of the California State Transportation Agency (CalSTA) to convene a working group regarding the Los Angeles-San Diego-San Luis Obispo (LOSSAN) Rail Corridor that includes SANDAG and other Metropolitan Planning Organizations along the rail corridor, develop recommendations, and to submit a report to the Legislature by January 1, 2026 regarding the LOSSAN Rail Corridor, which utilizes existing plans and studies, involves consultation with other state agencies, reports on funding status, shortfalls, and completion schedules for projects identified in the report.

Staff has been coordinating closely with the LOSSAN Rail Corridor Agency and other partner agencies on the bill and is recommending a “support if amended” position to support ongoing conversations with the author’s office regarding changes to the bill. SANDAG agrees on the importance and urgency of the work; however, the truncated timeline to have a completed report to the Legislature by January 1, 2026 may not provide enough time to fully evaluate each of the reporting requirements, bring to the respective boards for review, and integrate with the larger CalSTA report. Additionally, staff notes concerns with performance standards being potentially added to the requirements for developing Sustainable Communities Strategies. If these concerns are addressed through future amendments, staff recommend supporting an updated version of SB 1098.

Senate Bill 1098 is consistent with SANDAG Legislative Program Goal No. 6 – Support for policy and/or legislative changes to improve the planning and implementation of the Regional Plan.

### Next Steps

Pending approval by the Executive Committee, SANDAG will notify Senator Blakespear of its position on SB 1098 and advocate on behalf of the passage of these bills.

### **Robyn Wapner, Director of Public Affairs**

- Attachments:
1. State Report from Ellison Wilson Advocacy, LLC
  2. Federal Report from Peter Peyser Associates, LLC
  3. Senate Bill 1098 (Blakespear)



**TO:** SANDAG BOARD OF DIRECTORS  
**FROM:** ELLISON WILSON ADVOCACY, LLC  
**SUBJECT:** SANDAG LEGISLATIVE REPORT – JUNE 2024

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### **Legislative Overview**

June 15<sup>th</sup> was the constitutional deadline for legislators to pass the Budget Bill. The remaining schedule for this legislative year includes the following key dates:

- July 3: Last day for policy committees to hear all bills
- July 3-August 5: Summer Recess
- August 16: Last day for fiscal committees to hear all bills
- August 31: Last day for each house to pass bills
- September 30: Last day for Governor to sign or veto bills
- December 2: 2025-26 Regular Session convenes for Organizational Session

### **LOSSAN Bill SB 1098 (Blakespear) Unanimously Passed by Assembly Transportation Committee**

SB 1098 was introduced by Senator Catherine Blakespear on February 13<sup>th</sup>, and later substantively amended on March 20<sup>th</sup> and May 16<sup>th</sup> to impact the LOSSAN Rail Corridor by, according to the author, “align[ing] state and local action by requiring action plans and recommendations that result in improved services for passengers.”

Specifically, the bill requires the Secretary of the California State Transportation Agency (CalSTA), in consultation with the Secretary for Environmental Protection and the Secretary of the Natural Resources Agency, to submit a report to the Legislature by January 1, 2026, regarding the LOSSAN Rail Corridor, which utilizes existing plans and studies, involves consultation with other state agencies, reports on funding status, shortfalls, and completion schedules for projects identified in the report, as well as additional specified information. Additionally, it requires CalSTA to convene a working group of stakeholders involved in the LOSSAN corridor, including SANDAG, to develop and submit a report, on or before January 1, 2027, and biennially thereafter, on the performance of the corridor, which includes the following information: includes all of the following information: 1) Performance, ridership, usage, and quality of rail services; 2) Updates to capital improvement planning; 3) Progress in delivering fleet and infrastructure improvement projects; 4) Improvements to service and fare coordination; 5) Opportunities to increase the quality and frequency of services; and, 6) Opportunities on corridor resiliency, prepared in coordination with the California Coastal Commission.

After being unanimously passed off the Senate Floor on May 24<sup>th</sup>, it was heard and unanimously passed by the Assembly Transportation Committee on June 17<sup>th</sup>. At the hearing, after hearing support for the bill

from the City of Del Mar, amongst others, several Committee Members, including Chair Lori Wilson and Vice Chair Laurie Davies spoke in support of the bill and the importance of the corridor.

The bill will now head to the Assembly Appropriations Committee, where it must be passed by August 16<sup>th</sup>.

### **Budget Deal Reached Between Legislature and Governor Newsom; LOSSAN Funding Preserved**

Following the Governor's release of his 2024-25 proposed budget in January to close his estimated shortfall of \$37.9 billion, the nonpartisan Legislative Analyst's Office (LAO) released a subsequent report increasing their estimated state deficit to \$73 billion under its updated revenue forecast.

After its review of the Governor's proposal, SANDAG's issued a letter to Leadership and the respective Budget Chairs respectfully urging the Legislature to protect funding in the FY 2024-25 State Budget for:

- Regional Early Action Planning Grants (REAP 2.0), specifically urging the Legislature to reject the Governor's proposal to cut REAP 2.0 funding by \$300 million;
- The Active Transportation Program (ATP), specifically urging the Legislature to reject the Governor's proposal to cut ATP funding by \$200 million; and
- The Transit and Intercity Rail Capital Program (TIRCP), specifically acknowledging that the Governor's proposal to delay \$1 billion in formula TIRCP for one year was reasonable in light of the state's difficult budget situation and urging the Legislature to fight to protect TIRCP funds from any further delays or cuts.

Significant lobbying efforts on behalf of SANDAG, including testimony at the respective budget subcommittee hearings consistent with these budget priorities, ensued over the course of the lengthy budget process.

Following the Legislature's passage of its Budget Bill, AB 107, on June 13<sup>th</sup> to satisfy its minimum constitutional obligation, further negotiations ensued between it and the Governor to land on a final budget deal.

On June 22<sup>nd</sup>, Governor Newsom and legislative leaders jointly announced their 2024 Budget Agreement. Overall, the \$297.9 billion budget deal closes the remaining \$28 billion projected budget shortfall (following the passage of an early action budget bill AB 106 in April) by making cuts, shifts and delays, tapping into reserves (pulling out more than \$12 billion over the next 2 years) and pausing some business tax credits, including a three-year suspension of medium-sized and large businesses' use of net operating loss (NOL) deductions and tax credits starts in 2024, 1 year earlier than the Governor's May Revision proposal, which is estimated to bring in nearly \$15 billion in new revenue over the next three years.

This budget deal includes the following items of key interest to SANDAG:

### **LOSSAN Realignment Funding**

Following extensive lobbying efforts, the deal thankfully rejected the proposed \$148 million cut to the Competitive Transit and Intercity Rail Capital Program (TIRCP) that the Governor included in his May Revision, which was comprised of an undetermined split between the remaining \$148 million for LOSSAN Realignment and \$102 million in uncommitted TIRCP funding dedicated to Southern California Cycle 6 projects. Once again, Senator Toni Atkins' ongoing dedication to the LOSSAN Realignment project was critical in these successful negotiations.

### **Other TIRCP Funding**

The deal approves delays and fund shifts to the Formula Transit and Intercity Capital Rail Program (TIRCP), which delays \$1 billion from 2024-25 to 2025-26. (The delay was included in the early action bill

AB 106). It further adopts trailer bill language that expands requirements of the accountability program to the distribution of funds appropriated to the Transportation Agency from the Greenhouse Gas Reduction Fund for the Formula Transit and Intercity Rail Capital Program, among other technical changes to align with the fund and year changes made in the budget.

### **REAP 2.0**

The deal restores \$260 million for the Regional Early Action Program (REAP) 2.0. (So, a cut of \$40 million to REAP 2.0). The Governor's January proposal had proposed a \$300 million cut to REAP 2.0.

### **Active Transportation Program**

The deal restores \$200 million General Fund for the ATP with \$100 million in 2024-25 and \$100 million in 2025-26, with the remaining \$400 million cut subject to appropriation (so, technically, it still provides \$600 million to ATP over 6 years, but it is subject to appropriation after the first 2 years). Further, the deal funds \$5 million for the ATP for bike lanes connecting disadvantaged communities to public higher education facilities and job centers. The Governor's January proposal had proposed a \$200 million cut to ATP.

### **Highways to Boulevards**

The deal cuts \$750 million from Highways to Boulevards and shifts \$75 million to GGRF (so still funds \$75 million overall). Further, it adopts statutory changes to the program that allows up to 25% of available funding to be set aside for planning and remainder for implementation.

### **Zero Emission Transit Capital Program**

The deal delays \$680 million for the Zero Emission Transit Capital Program.

### **Intercity Passenger Rail Program**

The deal adopts a three-year increase of \$66,055,000 in 2024-25, \$72,119,000 in 2025-26, and 72,508,000 in 2026-27 in Operating Expenses from the Public Transportation Account for the operation of the Intercity Passenger Rail Program.

### **Homeless Housing, Assistance, and Prevention (HHAP)**

The deal provides \$1 billion to HHAP Round 6 for local governments. It further strengthens program oversight, transparency, and performance accountability.

### **Infill Infrastructure Grant Program**

The deal cuts \$235 million from the Infill Infrastructure Grant Program

### **Broadband**

- Delays \$550 million for Broadband Last Mile Grants to 2027-2028
- Cuts \$700 million from the Broadband Loan Loss Reserve, leaving \$50 million dollars.
- Authorizes \$1,860,000,000 in budget authority under the Federal Trust Fund (0890) for the Broadband Equity, Access, and Deployment (BEAD) program grant funds awarded to California
- Specifies that \$250 million is allocated for the Middle-Mile Broadband Initiative (MMBI), consistent with 2022's SB 189, and provides that the Director of Finance may augment funding for the MMBI by an additional \$250 million if certain reporting requirements are met.



PEYSERASSOCIATES  
LLC

Peter A. Peyser

May 31, 2024

**Transportation Update from Peyser Associates**

**House GOP Conservatives Seek Delay in Advancing Spending Bills**

Washington was largely quiet this week with both Houses of Congress observing their Memorial Day recess. When they return next week, action on the fiscal 2025 appropriations process will resume.

The House Appropriations Committee next week will markup at the subcommittee level the appropriations bills for Defense, Homeland Security, State and Foreign Operations, and Finance and General Government. These markups are certain to revive debate on contentious policy riders proposed by the Majority and viewed as poison pills by Democrats. As noted in previous reports, the Transportation -HUD bill will be in the last group of measures to move with a subcommittee markup on June 26 and full committee on July 10.

As the House continues to execute plans for committee action, a group of conservative Members are reportedly pressuring Speaker Mike Johnson (R-LA) to insist on a Continuing Resolution this fall that would extend well into 2025. Johnson's initial reaction was to caution that it might be unwise to burden the new Congress with leftover business from this one. For now, the House is planning to proceed with its plan to pass its version of fiscal 2025 spending bills by the August recess. The issue of the length of a CR will be squarely on the table when Congress returns from that recess after Labor Day.

The Senate will resume appropriations hearings next week in preparation for the beginning of mark-ups in the weeks to come.

Washington, DC

June 7, 2024

## **House Passage of First Spending Bill Portends Problems Ahead**

The House on Wednesday passed its first spending bill out of the 12 required to fund the entire government for fiscal year 2025. In doing so, they signaled that the path to enactment of these measures is likely to be rocky.

The bill approved this week was the Military Construction/ Veterans Administration (VA) measure. Last week's report telegraphed two of the features of this bill that would be problematic to the chances of this and future bills: the level of funding and social policy riders. The bill as passed by the House cuts spending by \$6 billion below current levels – a cut of about 4%.

The bill also includes a very lopsided allocation of earmarks. The bill includes 22 Community Project Funding earmarks and GOP projects got 99.5% of the funds. If this dynamic plays out on other spending bills, House Democrats are even less likely to support spending bills.

Leadership brought the MilCon/VA bill up first because it is typically one of the more popular bills. On Wednesday's vote the tally was 209-197 with 25 Members not voting. The large number of Members not voting is attributable to Members who represent states that had primaries on Tuesday and Members who had already departed for the D-Day Anniversary observation in France. Of those who voted, only 4 Democrats voted yes, and 2 Republicans voted No so it was essentially a party line vote.

## **House T&I Schedules Hearing on Amtrak Oversight Next Week**

The House Transportation and Infrastructure Committee's Subcommittee on Railroads, Pipelines and Hazardous Materials will hold a hearing next Wednesday, June 12 to hear testimony from and question Amtrak on the status of its services and the management thereof. The hearing is titled "Amtrak and Intercity Passenger Rail Oversight: Promoting Performance, Safety and Accountability." The hearing will take place at 2pm ET.

## **Comment Period Closes on FTA Capital Investment Program Proposed Guidance**

The comment period for comments on the Federal Transit Administration's proposed guidance on the CIG program closed on Monday of this week. As of last night, only 20 of the 39 comments received had been posted on the [regulations.gov](https://www.regulations.gov) website.

Next week's update will summarize some of the key comments and discuss the path ahead for the guidance.

June 14, 2024

## **Transportation Update from Peyser Associates**

### **House Appropriators Continue to Advance Spending Bills**

The House Committee on Appropriations continued to make progress this week in advancing spending bills for fiscal year 2025. They also continued doing so on a strict party line basis and included policy provisions that Democrats view as "poison pills."

The busy week at the committee included the passage of spending bills for Defense, Financial Services-General Government, Homeland Security, Legislative Branch and State Foreign Operations. The committee has now cleared six of the twelve bills needed to keep the government fully open and operating.

The Transportation-HUD appropriations bill is still on schedule for subcommittee consideration on June 26 and full committee on July 10.

### **Amtrak Takes Fire on Financial Performance and Executive Pay at House Hearing**

The House Committee on Transportation and Infrastructure on Wednesday held a hearing which gave the Majority side the opportunity to pummel Amtrak leadership about the railroad's economic performance and their executive pay policy.

Testifying on behalf of Amtrak at the hearing of the Subcommittee on Railroads, Pipelines and Hazardous Materials were CEO Stephen Gardner and Board Chair Tony Coscia. Subcommittee Chair Troy Nehls (R-TX) set the tone right off the bat by saying in his opening statement:

*“As a generous recipient of taxpayer dollars to operate its system, Amtrak should focus on maintaining and improving its current services to increase revenue and achieve profitability. Instead, Amtrak seems content to lose roughly 1 billion per year by its own predictions and flush with historic funding from the IIJA is choosing to pursue costly and highly questionable acquisitions and route expansions that may not serve the best interests of the American commuter.”*

GOP Members of the committee echoed the Chair's concerns about Amtrak's chronic deficits. Gardner defended Amtrak's financial performance by saying revenues are on the rise and that the railroad's annual operating deficit is well below the previously forecasted \$1 billion per year and getting smaller. He said the railroad will see its ridership increase by 20% this year and revenue by 10% and that doubling ridership by 2040 remains his goal.

Mr. Gardner was then put in the uncomfortable position of having to disclose his compensation for last year, which he said was over \$1 million including salary and bonuses. He discussed the railroad's bonus structure, with back-up from Chairman Coscia, as necessary to attract and retain the kind of talent required to operate a national railroad. They both pointed out that the executives of Class 1 freight railroads make much more than do Amtrak executives. Committee members pointed out that if those executives were operating railroads losing as much as Amtrak does, they probably would not have a job.

Aside from that peppering from a few GOP Members, most of the other Members – Democrats and Republicans – focused on service issues in their states.

### **Comments on FTA Capital Investment Grant Guidance are Wide Ranging**

At the time last week's report went to press, the FTA had not yet posted on [regulations.gov](https://www.regulations.gov) all of the comments submitted to its new guidance for the operation of the CIG program. The last of the 38 comments were posted this week.

Commenters were largely supportive of the agency's new guidance but there were numerous suggestions for changes. Among the most forceful suggestions were those regarding environmental benefits. Several transit agencies, including Sound Transit, MARTA, Oregon

Metro and others suggested that projects using Zero Emissions Vehicles should receive a “warrant” or an automatic high or medium rating for environmental benefit. Most commenters indicated the reliance on VMT reduction as the main measure of benefits misses key health benefits resulting from carbon reduction and a more walkable community. Some commenters suggested changes to – or the elimination – of the cost modifier on environmental benefits so as not to, in effect, create another cost effectiveness criterion. All the other sections of the guidance also drew comments and suggested changes.

It is important to note that virtually all of the commenters from transit agencies and advocacy groups started from a place of accepting the basic framework for determining the merit of transit projects. The one outlier in this area was Transportation for America, which wrote the following:

*“much of the CIG program’s regulatory and legislative framework focuses on performance and justifying the transit investment in the short and long term in an overly onerous way. In contrast, this focus is something that is noticeably weak in the federal highway program.”*

This big-picture perspective is an important one that the transit industry – steeped in a forty year history with the current CIG framework – fails to take note of. It is worth further discussion as reauthorization of transportation programs approaches.

June 21, 2024

## **Transportation Update from Peyser Associates**

### **Senate Committee to Begin Action on Spending Bills in July with Higher Spending Targets**

Senate Appropriations Committee Chair Patty Murray (D-WA) on Tuesday came to the Senate floor to lay out her plans for advancing Fiscal Year 2025 appropriations bills. In doing so, she put down her marker about spending levels she would like to achieve.

Murray said committee action would begin the week of July 8<sup>th</sup> but did not announce a detailed schedule as to which bills would come up when.

As for spending levels, Murray is going in aggressively with a proposal to increase defense and non-defense spending by more than the 1% boost contemplated in last year’s Fiscal Responsibility Act. Murray said she agreed with colleagues on both sides of the aisle that the defense spending cap is too low. She also said the non-defense spending cap is also too low and indicated she will pursue parity in the level of increase in both categories. Murray did not specify what level of increase she will seek.

Sen. Murray’s stance, likely to be supported by her Democratic colleagues, could result in a difficult negotiation with the House over the final product for spending bills for the upcoming fiscal year. The House is proceeding with spending bills below the previously agreed-upon targets and there may be more downward pressure on those measures as floor action approaches (see below). The Subcommittee mark-up for the THUD Appropriations bill is now set for June 27 – next Thursday.

## **CBO Deficit Estimate Provides More Fodder for Budget Hawks**

The nonpartisan Congressional Budget Office (CBO) on Tuesday released updated deficit and debt projections. The CBO increased its current year deficit estimate from February by 27% to \$1.9 trillion. They estimate the deficit will be 6.7% of GDP, up from the 5.3% number in the earlier forecast. Taking a longer view, the CBO estimated deficits would remain above 5.5% of GDP over the next two years and pointed out that one has to go back to the 1930's to find a time when deficits remained that high as a percentage of GDP over more than 5 years.

As the House prepares to bring more spending bills to the floor next week, the CBO report makes an already difficult environment for passing the measures even more challenging

### **New York Governor's "Indefinite Pause" to Congestion Pricing Reverberates in CIG Program**

When New York Governor Kathy Hochul announced her 11<sup>th</sup>-hour "indefinite pause" on the long-awaited implementation of congestion pricing in Manhattan, the New York MTA pointed out that this decision put a \$15 billion hole in their five-year Capital Plan. The resulting loss in available non-federal match funds may impact the FTA's Capital Investment Grant (CIG) program pipeline.

That MTA's revenue loss figure represents the size of an anticipated bond issue backed by the projected \$1 billion per year annual revenue from the congestion pricing program. This week, a study released by a group of congestion pricing supporters pointed out that the damage to the capital plan is actually much greater. The reduction in local match capacity resulting from the loss of revenue puts at risk almost \$10 billion in federal funds that would have been leveraged by those funds. Included in that total is the \$3.4 million in FTA Capital Investment Grant funding contemplated in the Full Funding Grant Agreement for the Second Avenue Subway Extension. The MTA confirmed this week that it is halting construction on the project, thus upping the ante in the continuing debate over the issue.

The Second Avenue project has already been awarded about \$950 million in CIG funds, with about \$2.45 billion remaining from FY 2025 on. The President's Budget for Fiscal Year 2025 proposed \$497 million for the project. The uncertainty around the project could well give the House an excuse to significantly reduce CIG funding in their annual appropriations bill going through subcommittee next week. Of course, they proposed a sharp reduction below the requested CIG amount last year, without an event like this as justification.

Senate Majority Leader Chuck Schumer (D-NY) is likely to fight hard to keep the CIG funding at the president's level in the Senate and in the final THUD spending bill in hopes the governor will change her mind after the November elections. But there is certainly a prospect that a significant amount of CIG money that had been proposed for the Second Avenue project will be available for other CIG projects instead.

AMENDED IN SENATE MAY 16, 2024

AMENDED IN SENATE MARCH 20, 2024

## SENATE BILL

**No. 1098**

**Introduced by Senator Blakespear**

**(Coauthors: Senators Allen, Laird, Limón, Newman, and Umberg)**

(Coauthors: Assembly Members Boerner, Davies, Dixon, and Hart)

February 13, 2024

An act to add Sections 14072.8 and 14072.10 to, and to add and repeal Section 14072.6 of, the Government Code, relating to transportation.

### LEGISLATIVE COUNSEL'S DIGEST

SB 1098, as amended, Blakespear. Passenger and freight rail: LOSSAN Rail Corridor.

Existing law establishes the Department of Transportation in the Transportation Agency under the control of an executive officer known as the Director of Transportation. Existing law authorizes the Department of Transportation, subject to approval of the Secretary of Transportation, to enter into an interagency transfer agreement under which a joint powers board assumes responsibility for administering the state-funded intercity rail service in certain rail corridors, including the LOSSAN Rail Corridor. Existing law defines the LOSSAN Rail Corridor as the intercity passenger rail corridor between San Diego, Los Angeles, and San Luis Obispo. Pursuant to this authority, the department entered into an interagency transfer agreement with the LOSSAN Rail Corridor Agency to administer intercity passenger rail service in the LOSSAN Rail Corridor.

This bill would require the Secretary of Transportation to provide guidance and recommendations to, and coordination between,

stakeholders as necessary to ensure the performance of the LOSSAN Rail Corridor, as specified.

This bill would also require the Secretary of Transportation, in consultation with ~~the Director of Transportation, the California Transportation Commission,~~ the Secretary for Environmental ~~Protection,~~ *Protection* and the Secretary of the Natural Resources Agency, to submit a report to the Legislature on or before January 1, 2026, regarding the LOSSAN Rail Corridor that includes specified information. The bill would also require the Secretary of Transportation, in coordination with stakeholders responsible for operating rail services along the LOSSAN Rail Corridor, to submit a report to the Legislature on or before January 1, 2027, and biennially thereafter, on the performance of the LOSSAN Rail Corridor, as provided.

This bill would require ~~an unspecified entity~~ *the Secretary of Transportation* to convene a working group composed of representatives of certain types of entities, including, among others, metropolitan planning organizations from specified counties. The bill would require the working group to submit ~~a report to the Legislature on or before January 1, 2026, that provides~~ *recommendations to the secretary for inclusion in the above-described report due on or before January 1, 2026,* on various topics relating to rail service in the LOSSAN Rail Corridor. Before ~~the report is~~ *recommendations are* submitted to the Legislature, ~~secretary,~~ the bill would require ~~the report~~ *recommendations* to be reviewed and approved by ~~submitted to~~ the LOSSAN Rail Corridor Agency, the Southern California Regional Rail Authority, and the North County Transit ~~District.~~ *District for review and consideration.* By adding to the duties of local agencies, the bill would impose a state-mandated local program.

This bill would make legislative findings and declarations as to the necessity of a special statute for the LOSSAN Rail Corridor.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

SECTION 1. The act shall be known, and may be cited, as the Southern California Rail Revitalization Act.

SEC. 2. Section 14072.6 is added to the Government Code, to read:

14072.6. (a) (1) The secretary, in consultation with ~~the director, the commission,~~ the Secretary for Environmental Protection, ~~Protection~~ and the Secretary of the Natural Resources Agency, shall submit a report to the Legislature on or before January 1, 2026, regarding the LOSSAN Rail Corridor that includes all of the following information:

(A) *A baseline summary of transportation and environmental conditions in existence as of January 1, 2025, along the rail corridor.*

~~(A)~~

(B) Prioritized capital improvement projects in the corridor necessary to improve current services and accommodate future passenger and freight service growth consistent with the State Rail Plan prepared pursuant to Section 14036.

~~(B)~~

(C) Prioritized ~~resiliency~~ improvement projects in the corridor necessary to ensure the ~~safe and continued movement of trains.~~ *resiliency of natural resources and transportation infrastructure.*

~~(C)~~

(D) A description of administrative actions taken by the Transportation Agency using authority in existence before January 1, 2025, to improve operations and performance of the corridor.

~~(D)~~

(E) Recommendations for the corridor to connect with other passenger rail services.

~~(E)~~

(F) Strategies to support and improve existing rail service and ~~resiliency planning in the corridor.~~ *increase ridership, including a description of necessary operations funding for increased service frequencies.*

(G) Recommendations to achieve zero-emission state-supported equipment, including an analysis of recommended technologies and necessary infrastructure.



1     (H) *Strategies and recommendations to support coastal hazard*  
2     *resiliency planning in the corridor.*

3     (I) *Recommendations and information regarding any actions*  
4     *taken in response to those recommendations received from the*  
5     *working group pursuant to subdivision (c).*

6     (2) In preparing the report pursuant to this subdivision, the  
7     secretary shall consult existing ~~plans and studies~~ *plans, studies,*  
8     *and guidance* for the LOSSAN Rail Corridor, including, but not  
9     limited to, the LOSSAN Rail Corridor Optimization ~~Study and~~  
10    *Study*, the LOSSAN Rail Corridor Agency Business Plan adopted  
11    by the LOSSAN Rail Corridor ~~Agency.~~ *Agency, and the guidance*  
12    document “Critical Infrastructure at Risk: Sea Level Rise Planning  
13    Guidance for California’s Coastal Zone” adopted by the California  
14    Coastal Commission.

15    (3) When undertaking the duties pursuant to this subdivision,  
16    the secretaries identified in paragraph (1) may consult with any  
17    other state agency.

18    (4) For projects identified pursuant to paragraph (1), the  
19    secretary shall include in the report all available funding sources,  
20    projected completion schedules for priority projects, current  
21    funding shortfalls, and recommended strategies and plans to  
22    address any funding shortfall.

23    (b) The ~~secretary~~ secretary shall convene a working group that  
24    includes, but is not limited to, representatives of all of the following  
25    entities:

26    (1) LOSSAN Rail Corridor track owners.

27    (2) LOSSAN Rail Corridor passenger and freight rail ~~operators.~~  
28    *operators, including managing agencies, joint powers authorities,*  
29    *and transit districts responsible for rail services.*

30    (3) The county transportation commissions for the Counties of  
31    Los Angeles, Orange, Riverside, San Bernardino, and Ventura  
32    established pursuant to Division 12 (commencing with Section  
33    130000) of the Public Utilities Code.

34    (4) The metropolitan planning organizations for the Counties  
35    of Los Angeles, Orange, San Diego, San Luis Obispo, Santa  
36    Barbara, and Ventura.

37    (5) Business, community, transportation, environmental, labor,  
38    and civic organizations.

39    (6) *The California Coastal Commission.*

(c) (1) The working group convened pursuant to subdivision (b) shall submit a report to the Legislature on or before January 1, 2026, that provides recommendations to the secretary for inclusion in the report required pursuant to subdivision (a) on all of the following as necessary to ensure the long-term viability of comprehensive and coordinated passenger and freight rail services in in, or that connect to, the LOSSAN Rail Corridor: Corridor as of January 1, 2025:

(A) Dedicated and formula funding distributions available for passenger rail operations, including intercity and regional rail services along the corridor.

(B) Strategies to increase rail service coordination and reduce disruptions or delays, including, but not limited to, those caused by climate resiliency, resiliency vulnerabilities, track closures, state of good repair, equipment, and staffing. The recommendations made pursuant to this subparagraph should result in improved maintenance and conditions of assets, reduced track closures, and greater on-time performance.

(C) Alternative management and operations models or structures that improve intercity and regional rail services.

(D) Changes to state statutes, rules, or funding relating to intercity and regional rail services: necessary to improve the quality, performance, usage, management, or frequency of passenger rail services with a focus on streamlining, clarifying, and improving existing processes or procedures.

(E) Opportunities for rail to accelerate and support equity, safety, sustainability, zero emissions, equipment, and economic development goals.

(F) Opportunities for metropolitan planning organizations to analyze, describe, and report progress in operating, maintaining, and improving the corridor consistent with state and local planning documents in their sustainable communities strategies or, if applicable, alternative planning strategies, adopted pursuant to Section 65080.

(G) Opportunities for metropolitan planning organizations to adopt multiregional goals relating to passenger and freight rail service, capital improvement projects related to those services, and resiliency of those services along the corridor to include in their respective sustainable communities strategies or, if applicable, alternative planning strategies, adopted pursuant to Section 65080.

1 (H) Improving connections to existing and planned public transit  
2 services.

3 (I) Strategies that increase ridership and use of rail services.

4 (J) *Strategies to coordinate fleet equipment planning and*  
5 *management.*

6 (2) *The working group shall consider the known and expected*  
7 *impacts of recommendations on the coastal environment and local*  
8 *communities, and consider opportunities to support the coastal*  
9 *zone and local communities when making recommendations.*

10 ~~(2)~~

11 (3) ~~The report recommendations~~ required pursuant to this  
12 subdivision shall ~~include~~ *be developed with* meaningful public  
13 engagement led by the working group convened pursuant to  
14 subdivision (b).

15 ~~(3)~~

16 (4) Before submitting the ~~report recommendations~~ required  
17 pursuant to this subdivision to the ~~Legislature~~, secretary, the  
18 working group shall submit the ~~report recommendations~~ to the  
19 governing boards of the LOSSAN Rail Corridor Agency, the  
20 Southern California Regional Rail Authority, and the North County  
21 Transit District for review and ~~approval~~. *consideration. A*  
22 *governing board described in this paragraph shall notify the*  
23 *secretary of any action taken in response to these recommendations*  
24 *for inclusion in the report pursuant to subdivision (a).*

25 (d) (1) ~~The reports report~~ to be submitted pursuant to ~~this~~  
26 ~~section subdivision (a)~~ shall be submitted in compliance with  
27 Section 9795.

28 (2) Pursuant to Section 10231.5, this section is repealed on  
29 January 1, 2030.

30 SEC. 3. Section 14072.8 is added to the Government Code, to  
31 read:

32 14072.8. (a) Notwithstanding Section 10231.5, the secretary,  
33 in coordination with stakeholders responsible for operating rail  
34 services along the LOSSAN Rail Corridor, shall submit a report  
35 to the Legislature on or before January 1, 2027, and every two  
36 years thereafter, on the performance of the LOSSAN Rail Corridor  
37 that includes all of the following information:

38 (1) Performance, ridership, usage, and quality of rail services.

39 (2) Updates to capital improvement planning.

(3) Progress in delivering fleet and infrastructure improvement projects.

(4) Improvements to service and fare coordination.

(5) Opportunities to increase the quality and frequency of services.

(6) *Updates on corridor resiliency, prepared in coordination with the California Coastal Commission, including updates on any projects identified by the LOSSAN Rail Corridor Agency pursuant to Section 14072.4 to increase climate resiliency on the corridor. These updates shall include the status of current and planned development projects in the coastal zone and an analysis of environmental conditions.*

(b) A report to be submitted pursuant to subdivision (a) shall be submitted in compliance with Section 9795.

SEC. 4. Section 14072.10 is added to the Government Code, to read:

14072.10. (a) The secretary shall provide guidance and recommendations to, and coordination between, stakeholders as necessary to ensure the performance of the LOSSAN Rail Corridor.

(b) The responsibilities set forth in subdivision (a) shall include planning, as needed, for any of the following:

(1) Service frequencies.

(2) Equipment and fleet management.

(3) Infrastructure improvement and state-of-good repair projects.

(4) ~~Resiliency of the corridor.~~ *Resiliency of the corridor, including coordination with the California Coastal Commission as it relates to the California coastal zone.*

SEC. 5. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique need to address the resiliency and performance of the LOSSAN Rail Corridor.

SEC. 6. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

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July 12, 2024

## Regional Housing Needs Allocation Update

### Overview

The Regional Housing Needs Assessment (RHNA) is a statutory process to determine existing and projected housing needs for every jurisdiction within the State of California. The California Department of Housing and Community Development (HCD) provides every Council of Governments (COG), including SANDAG, a regional RHNA determination, and each COG is responsible for developing a methodology to distribute this regional need to individual jurisdictions. The RHNA allocation covers an 8-year period and requires each jurisdiction to plan for their allocation in their housing elements by analyzing suitable sites and implementing various programs, including rezoning.

During the last RHNA cycle, HCD identified a need for over 171,000 new housing units in the San Diego region between 2021-2029. On July 10, 2020, SANDAG adopted the region's 6th Cycle RHNA Plan which allocated our share of housing needs to each jurisdiction in the region in four income categories.

**Action: Approve**

SANDAG staff will present a high-level overview of the California Department of Housing and Community Development's Report: *California's Housing Future 2040: The Next Regional Housing Needs Assessment* and related legislation. The Executive Committee is asked to approve the proposed legislative principles and a "support" position for AB 2485 (Carrillo).

**Fiscal Impact:**

None

**Schedule/Scope Impact:**

None

### Key Considerations

AB 101 (2019) directed HCD to develop recommendations related to the RHNA process and methodology that promote and streamline housing development and substantially address California's housing shortage. From March to July 2023, HCD solicited ideas and feedback from stakeholders for ways to improve the RHNA methodology and process. Throughout this process, SANDAG provided feedback to HCD through their sounding board listening sessions, hosted a webinar with local jurisdiction staff, and provided ongoing updates to local jurisdiction staff on the HCD reform process. SANDAG staff presented an overview of the HCD stakeholder engagement process to the Executive Committee on [July 14, 2023](#).

On [March 22, 2024](#), HCD provided an update to the SANDAG Board of Directors on their efforts to develop recommendations related to the RHNA process and methodology. At this meeting, SANDAG Board members shared concerns regarding the RHNA process related to the lack of transparency, funding, flexibility, and consideration for local context/control, including the inability to adjust allocations mid-cycle. The Board also asked questions about HCD's plan to incorporate the [State's Auditor recommendations](#) in the next RHNA cycle. plan to incorporate the [State's Auditor recommendations](#) in the next RHNA cycle.

On April 18, 2024, HCD released the *California's Housing Future 2040: The Next RHNA* [full report](#) and [executive summary](#) which includes recommendations and policy considerations to the legislature and outlines planned administrative changes to be adopted under existing HCD statutory authority. HCD's Audit Action Plan can also be found on their [website](#).

SANDAG staff are continuing to analyze the report to understand its implications. A summary of the key implementation efforts recommended by HCD are summarized in Attachment 1.

In general, HCD's recommendations are summarized under three sections:

Recommendations to Legislature:

HCD recommends 10 updates to state law including adding new income categories, streamlining the RHNA processes, ensuring that the regional allocation methods are focused on furthering statutory RHNA objectives, revising the allocation methodology factors to increase clarity, tying the Regional Housing Need Determination (RHND) more closely to the Department of Finance household projections, and increasing alignment between RHNA and the Sustainable Communities Strategy.

Policy Considerations for the Legislature:

Three topics arose that merit further exploration by the legislature: adjusting the income distribution to better address the housing needs of all regions, exploring assigning units lost during a state of emergency declaration to the overall allocation, and exploring ways to clarify the RHNA process and simplify language in statute. HCD does not have recommendations for these topics, but rather presents findings for further policy consideration.

HCD Future Implementation Efforts:

Nine planned administrative changes are proposed to be implemented under existing HCD statutory authority. This includes various adjustments to the RHNA methodology, greater transparency during the RHND process, and more technical assistance and guidance from HCD. HCD staff should provide additional information regarding these planned adjustments to COGs and stakeholders leading up to the commencement of the 7th Cycle.

On [June 20, 2024](#), staff presented an overview of the HCD report to the Sustainable Communities Working Group (SCWG) which is comprised of planning directors from the local cities and the county. Initial comments from the SCWG were on the lack of detail and clarity on next steps and expectations, lack of funding, and the need for HCD to provide more clarity and more timely guidance well in advance of the RHND and housing element preparation.

## **Related Legislation**

Several bills have been introduced in response to the release of the HCD report. To ensure the Board's feedback is incorporated in the discussions surrounding this legislation, staff proposes sending a set of legislative principles to the Senate and Assembly Housing Chairs (Attachment 2). In addition, staff proposes SANDAG take a "support" position on Assembly Bill 2485 and monitor Senate Bill 7 (Blakespear) and Assembly Bill 3093 (Ward).

[AB 2485](#) by Assembly Member Juan Carrillo would require HCD to publish on its website the data sources, analyses, and methodology to be used by the department to determine the regional housing needs determination process (RHND), including specified assumptions and factors used in and applied to the Department of Finance projections and engagement process with the COG prior to finalization of the RHND. It would additionally require HCD, for the seventh and subsequent housing element cycles, to assemble and convene an advisory panel to advise HCD on its assumptions and the methodology it shall use for purposes of the RHND. The bill also requires for HCD to consult with the advisory panel before making determinations in writing on specified data assumptions and the methodology it shall use for the RHND, and to provide the written determinations to the COG and publish them on HCD's website.

Staff recommends the support of AB 2485 due to the transparency and additional consultation requirements set upon HCD by the provisions in the bill. The requirement to convene an advisory panel comprised of a US Census Bureau-affiliated practitioner, a data expert, and a representative from the COG would provide SANDAG an additional layer of consultation and review to the RHND process and could help address any disagreements in the data and methodology used when developing the final RHND. Additionally, this bill would ensure that HCD's assumptions and methodology for developing the RHND are clear and accessible to stakeholders to ensure confidence in the process.

Assembly Bill 2485 is consistent with SANDAG Legislative Program Goal No. 23 to lead efforts to pursue legislative and/or administrative reform of the Regional Housing Needs Assessment process and state housing element law.

SB 7 would make technical changes to the RHNA determination process and allow HCD to review a COG's adopted methodology for distributing the RHNA and report its findings to the COG or delegate subregion within 45 days of adoption, rather than 90 days in existing law. AB [3093](#) would create two new income categories, Acutely Low Income and Extremely Low Income, in the RHNA determination process and Housing Element Law for the 7th Cycle.

### **Next Steps**

Pending direction from the Executive Committee, staff will submit the attached letter summarizing Board feedback from the March 22, 2024 meeting to the Senate and Assembly housing chairs and send a letter of support to be listed as official support for AB 2485. Staff will continue to monitor legislation related to housing and RHNA and bring additional information to working groups and committees as it becomes available.

### ***Antoinette Meier, Senior Director, Regional Planning***

- Attachments:
1. Additional Considerations for HCD's *The Next RHNA* report
  2. Draft letter to Senate and Assembly Housing Chairs from the SANDAG Board
  3. AB 2485 (Carrillo)

| California's Housing Future 2040: The Next RHNA   |  |   |
|---|--|---|
| Implementation Effort   | Summary  | Considerations  |
| <b>Apply Cost Burdened &amp; Overcrowded Determination Adjustment Factors to Existing Households</b>                        | HCD plans to apply the cost burden and overcrowding adjustment to the existing population, rather than the projected population  | This may lower the Determination number because additional units to satisfy the overcrowded and cost burdened projected population would no longer be needed  |
| <b>Improve the Precision of Vacancy Rate Determination Adjustment Factor</b>  | HCD plans to alter the vacancy rate calculation to account for differences in healthy functioning housing markets for renter and owner-occupied housing  | This may lead to a higher Determination number as the San Diego region has high non-owner, non-renter housing units (lots of short-term rentals and second homes)                                     |
| <b>Account for Housing Lost to Vacation Homes and Short-Term Rentals</b>  | HCD plans to alter its replacement rate adjustment in the 7th cycle to account for units that will be lost to short-term rentals and vacation homes  | This may lead to a higher Determination number as the San Diego region has seen a growing number of short-term rentals and vacation homes   |
| <b>Refine the Jobs/Housing Determination Adjustment Factor</b>  | <p>HCD plans to continue utilizing the two 7th cycle adjustments created in 2023, but the first adjustment will be refined to consider the income level of commuters.</p> <p>HCD is continuing to consider a different healthy standard than 1.5 jobs for every housing unit, primarily an option based on the national average jobs/housing ratio</p> | HCD requested further exploration of international migration and remote work data, two factors where the San Diego region is unique and may want to consider providing HCD additional data.           |
| <b>Adjust How Populations Living in Group Quarters are Treated in Determination, Credit Wider Range of Housing Types in</b> | HCD plans to make changes to how populations living in group quarters are treated in the Determination, including crediting a wider range of housing types in the APR and working with   | Provides clarity to a topic that SANDAG had issue with in the 6 <sup>th</sup> Cycle. This may lead to higher Determination numbers, but also would allow for jurisdictions to take credit for housing |



|  |   |   |
|--|---|---|
| <b>Annual Progress Reports (APR)</b>   | DOF to ensure the RHNA fully encompasses the need for housing in California   | permits which they currently aren't able to take credit for.  |
| <b>Reduce Allocation to Unincorporated Areas Outside of Population Centers</b> | HCD will pursue allocating to counties based on the percentage of the county population that resides in Census Designated Places rather than the unincorporated counties total population and number of households  | This may lead to a reduction in unit allocation % to County of San Diego.                             |
| <b>Improve Technical Assistance for the Subregion Process</b>                  | HCD plans to increase technical assistance to subregions by releasing a technical assistance memo that will provide subregions more guidance/support developing a methodology that furthers RHNA objectives   | This may impact if jurisdictions decide to move forward with subregional allocation process.          |
| <b>Increase Transparency During the Determination</b>                          | HCD plans to implement procedural and informational enhancements to the current determination process including methodology walkthroughs with board, interactive tools and infographics, enhanced websites, definitions of technical terms and concepts, and publishing of technical assistance documents | This may lead to an increased opportunity for transparency as consistently requested by stakeholders. |



July 12, 2024

The Honorable Chris Ward  
Chair of the Housing and Community Development Committee  
Capitol Office, 1021 O Street, Suite 6350  
Sacramento, CA 95814

The Honorable Nancy Skinner  
Chair, Senate Housing Committee  
Capitol Office, 1021 O Street, Suite 8630  
Sacramento, CA 95814

Dear Chair Ward and Chair Skinner,

Subject: Assembly Bill 101 (2019) Implementation of Regional Housing Needs Assessment (RHNA) Reform

The San Diego Association of Governments (SANDAG) has been closely participating in the RHNA reform process under Assembly Bill 101 (2019) and appreciate your leadership on addressing the ongoing housing challenges throughout the state. As you take on RHNA reform in the upcoming legislative cycles, we encourage you to consider the following principles.

### **Sustainable Funding**

More funding is needed to support affordable housing. Local jurisdictions need funding to enact policies and processes that encourage housing development, and developers need funding to make non-market rate projects financially viable. The Regional Early Action Planning (REAP) grants provided by the State furthered jurisdictions' ability to implement the sixth cycle RHNA, however ongoing state and federal funding is necessary to meet housing goals.

### **Local Context**

Local jurisdictions are responsible for planning and developing policies that encourage housing development, but do not control market conditions or the building industry. An 8-year cycle is not enough time to make up for the decades-long housing shortage. New policies and processes take time to take effect. When assessing each jurisdiction's progress towards RHNA, HCD should consider comprehensive efforts taken throughout the cycle to encourage housing development.

### **Greater Transparency**

The HCD RHNA report recommends implementing procedural and informational enhancements to the current process, but there is a lack of information on how and when these changes will be made. We request timely guidance and greater transparency on changes to the Regional Housing Need Determination process and any changes that will be required in housing elements.

### **Regional Approach**

Future RHNA cycles should include a more collaborative regional approach to solving the housing crisis. When more housing is built in the right places, the entire region benefits, but currently just one jurisdiction gets credit in their Annual Progress Reports. A regional approach would also ensure that housing gets developed in locations that support state climate goals.

### **Prioritize the Number of People Housed**

Currently, RHNA focuses on the number of housing units produced rather than the number of people housed. This approach does not encourage housing types that support families and multigenerational households. To better address the diverse housing needs of our population, we urge HCD and state legislators to consider housing people a priority within the RHNA process.

We thank you for your consideration and welcome the opportunity for further collaboration with your offices as we work towards meeting the housing needs of existing and future San Diego residents.

Sincerely,

Nora Vargas  
SANDAG Chairwoman

SCOO

AMENDED IN SENATE JUNE 17, 2024

AMENDED IN ASSEMBLY MARCH 19, 2024

CALIFORNIA LEGISLATURE—2023–24 REGULAR SESSION

## ASSEMBLY BILL

**No. 2485**

**Introduced by Assembly Member Juan Carrillo**  
**(Coauthors: Assembly Members ~~Dixon and Joe Patterson~~) *Dixon,***  
***Joe Patterson, and Quirk-Silva*)**  
*(Coauthors: Senators Glazer and Newman)*

February 13, 2024

An act to amend Section 65584.01 of the Government Code, relating to housing.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2485, as amended, Juan Carrillo. Regional housing need: determination.

The Planning and Zoning Law requires each county and city to adopt a comprehensive, long-term general plan for the physical development of the county or city, which includes, among other mandatory elements, a housing element. That law requires, for the 4th and subsequent revisions of the housing element, the Department of Housing and Community Development—~~(department)~~ *(department)*, *in consultation with each council of governments, where applicable*, to determine the existing and projected need for housing for each region, as specified. ~~That law requires the department, in consultation with the council of governments, to determine the existing and projected need of housing for each region in a specified manner.~~ That law requires the department's determination to be based upon population projections produced by the Department of ~~Finance~~, *Finance and regional population forecasts*

*developed by the council of governments and used for the preparation of the regional transportation plan, as specified. That law also requires the department to meet and consult with the council of governments regarding the assumptions and methodologies to be used to determine each a region's housing need and requires the council of governments to provide data assumptions from the council of governments' projections, as specified. That law authorizes the department to accept or reject the information provided by the council of governments and, after consultation with each the council of governments, to make determinations on the council of governments' data assumptions and the methodology the department will use to determine each the region's housing need, as specified. That law requires the department to provide its determinations to each the council of governments, as specified.*

This bill would require the department to publish on its internet website the data sources, analyses, and methodology, ~~as specified, including assumptions and factors used in and applied to the Department of Finance's population projections and engagement process with the council of governments~~ prior to finalization of the regional ~~determination~~ *determination, as specified*. The bill would also require the department, for the 7th and subsequent revisions of the housing element, to assemble and convene an advisory panel that includes, among others, ~~an a specified expert on the described data assumptions by each council of governments~~ to advise the department on the assumptions and methodology it will use to determine ~~each region a region's~~ *a region's* housing need. The bill would also require the department to consult with the advisory panel before making determinations on ~~the council of governments' the~~ *the* data assumptions and *the* methodology it will use to determine ~~each the~~ *a* region's housing need for the 7th and subsequent revisions of the housing element. The bill would also additionally require the department to publish its determination on its internet website.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 65584.01 of the Government Code is
- 2 amended to read:

1     65584.01. For the fourth and subsequent revision of the housing  
2 element pursuant to Section 65588, the department, in consultation  
3 with each council of governments, where applicable, shall  
4 determine the existing and projected need for housing for each  
5 region in the following manner:

6     (a) (1) The department's determination shall be based upon  
7 population projections produced by the Department of Finance  
8 and regional population forecasts used in preparing regional  
9 transportation plans, in consultation with each council of  
10 governments. If the total regional population forecast for the  
11 projection year, developed by the council of governments and used  
12 for the preparation of the regional transportation plan, is within a  
13 range of 1.5 percent of the total regional population forecast for  
14 the projection year by the Department of Finance, then the  
15 population forecast developed by the council of governments shall  
16 be the basis from which the department determines the existing  
17 and projected need for housing in the region. If the difference  
18 between the total population projected by the council of  
19 governments and the total population projected for the region by  
20 the Department of Finance is greater than 1.5 percent, then the  
21 department and the council of governments shall meet to discuss  
22 variances in methodology used for population projections and seek  
23 agreement on a population projection for the region to be used as  
24 a basis for determining the existing and projected housing need  
25 for the region. If agreement is not reached, then the population  
26 projection for the region shall be the population projection for the  
27 region prepared by the Department of Finance as may be modified  
28 by the department as a result of discussions with the council of  
29 governments.

30     (2) The department shall publish on its internet website the data  
31 sources, analyses, and methodology, including the assumptions  
32 and factors used in and applied to the Department of Finance  
33 projections and engagement process with the council of  
34 governments, prior to finalization of the regional determination  
35 pursuant to subdivision (b).

36     (b) (1) At least 26 months before the scheduled revision  
37 pursuant to Section 65588 and before developing the existing and  
38 projected housing need for a region, the department shall meet and  
39 consult with the council of governments regarding the assumptions  
40 and methodology to be used by the department to determine the

1 region's housing needs. The council of governments shall provide  
2 data assumptions from the council's projections, including, if  
3 available, the following data for the region:

4 (A) Anticipated household growth associated with projected  
5 population increases.

6 (B) Household size data and trends in household size.

7 (C) The percentage of households that are overcrowded and the  
8 overcrowding rate for a comparable housing market. For purposes  
9 of this subparagraph:

10 (i) The term "overcrowded" means more than one resident per  
11 room in each room in a dwelling.

12 (ii) The term "overcrowding rate for a comparable housing  
13 market" means that the overcrowding rate is no more than the  
14 average overcrowding rate in comparable regions throughout the  
15 nation, as determined by the council of governments.

16 (D) The rate of household formation, or headship rates, based  
17 on age, gender, ethnicity, or other established demographic  
18 measures.

19 (E) The vacancy rates in existing housing stock, and the vacancy  
20 rates for healthy housing market functioning and regional mobility,  
21 as well as housing replacement needs. For purposes of this  
22 subparagraph, the vacancy rate for a healthy rental housing market  
23 shall be considered no less than 5 percent.

24 (F) Other characteristics of the composition of the projected  
25 population.

26 (G) The relationship between jobs and housing, including any  
27 imbalance between jobs and housing.

28 (H) The percentage of households that are cost burdened and  
29 the rate of housing cost burden for a healthy housing market. For  
30 the purposes of this subparagraph:

31 (i) The term "cost burdened" means the share of very low, low-,  
32 moderate-, and above moderate-income households that are paying  
33 more than 30 percent of household income on housing costs.

34 (ii) The term "rate of housing cost burden for a healthy housing  
35 market" means that the rate of households that are cost burdened  
36 is no more than the average rate of households that are cost  
37 burdened in comparable regions throughout the nation, as  
38 determined by the council of governments.

39 (I) The loss of units during a state of emergency that was  
40 declared by the Governor pursuant to the California Emergency

Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2), during the planning period immediately preceding the relevant revision pursuant to Section 65588 that have yet to be rebuilt or replaced at the time of the data request.

(2) The department may accept or reject the information provided by the council of governments or modify its own assumptions or methodology based on this information.

(3) For the seventh and subsequent revisions of the housing element pursuant to Section 65588, the department shall assemble and convene an advisory panel to advise the department on its assumptions and methodology it shall use. The panel shall be composed of all of the following:

(A) A United States Census Bureau-affiliated ~~practitioner~~ *practitioner, who practices demography*.

(B) ~~A~~ *A technical expert on the data described in subparagraphs (A) to (I), inclusive, of paragraph (1): (1), who has a graduate degree in demography or a related field.*

(C) A representative from the council of governments.

(4) After consultation with the council of governments and, for the seventh and subsequent revisions of the housing element pursuant to Section 65588, the advisory panel described in paragraph (3), the department shall make determinations in writing on the assumptions for each of the factors listed in subparagraphs (A) to (I), inclusive, of paragraph (1) and the methodology it shall use and shall provide these determinations to the council of governments and publish these determinations on the department's internet website. The methodology submitted by the department may make adjustments based on the region's total projected households, which includes existing households as well as projected households.

(c) (1) After consultation with the council of governments, the department shall make a determination of the region's existing and projected housing need based upon the assumptions and methodology determined pursuant to subdivision (b). The region's existing and projected housing need shall reflect the achievement of a feasible balance between jobs and housing within the region using the regional employment projections in the applicable regional transportation plan. Within 30 days following notice of the determination from the department, the council of governments



1 may file an objection to the department's determination of the  
2 region's existing and projected housing need with the department.

3 (2) The objection shall be based on and substantiate either of  
4 the following:

5 (A) The department failed to base its determination on the  
6 population projection for the region established pursuant to  
7 *paragraph (1) of subdivision (a)*, and shall identify the population  
8 projection that the council of governments believes should instead  
9 be used for the determination and explain the basis for its rationale.

10 (B) The regional housing need determined by the department  
11 is not a reasonable application of the methodology and assumptions  
12 determined pursuant to subdivision (b). The objection shall include  
13 a proposed alternative determination of its regional housing need  
14 based upon the determinations made in subdivision (b), including  
15 analysis of why the proposed alternative would be a more  
16 reasonable application of the methodology and assumptions  
17 determined pursuant to subdivision (b).

18 (3) If a council of governments files an objection pursuant to  
19 this subdivision and includes with the objection a proposed  
20 alternative determination of its regional housing need, it shall also  
21 include documentation of its basis for the alternative determination.  
22 Within 45 days of receiving an objection filed pursuant to this  
23 section, the department shall consider the objection and make a  
24 final written determination of the region's existing and projected  
25 housing need that includes an explanation of the information upon  
26 which the determination was made.

27 (d) Statutory changes enacted after the date the department  
28 issued a final determination pursuant to this section shall not be a  
29 basis for a revision of the final determination.



## Update on California Housing Future 2040 (RHNA Update)

Executive Committee | Item 5  
Stacey Cooper, Samantha Foulke, Jose Alvarez, SANDAG  
Kirk Blackburn, Ellison Wilson Advocacy, LLC  
July 12, 2024

1

### RHNA Reform Timeline

March – September  
2023



HCD and SANDAG outreach efforts

March 2024



HCD Listening Session with  
SANDAG BOD

April 2024



HCD releases CA Housing Future  
2040 Legislative Report

July – September  
2024



SANDAG presents of overview of  
HCD's report to SCWG, EC, and RPC

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2

## Board Member Feedback Summary

- Lack of transparency for Regional Housing Needs Determination (RHND)
- Lack of funding to implement Regional Housing Needs Allocation (RHNA)
- Lack of flexibility and consideration for local context
- Inability to adjust allocations mid-cycle
- Loss of local control
- Incorporate State Auditor recommendations in the next cycle

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## Report to Legislature Released, April 18, 2024

### California's Housing Future 2040

The Next Regional Housing Needs Allocation (RHNA)

California Department of Housing and Community Development



April 2024

- Policy Considerations to Legislature
- Recommendations to Legislature
- HCD Future Implementation Efforts

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## Policy Considerations to the Legislature (3)

1. Adjust Income Distribution to Better Address Housing Needs of All Regions
2. Explore Assigning Units Lost During State of Emergency Declaration to Overall Allocation
3. Explore Ways to Clarify RHNA Process and Simplify Language in Statute

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## Recommendations to the Legislature (10)

1. Account for Housing Needs of People Experiencing Homelessness
  - Adds extremely low and acutely low-income categories
2. Tie RHND More Closely to the DOF Household Projections
3. Adjust How Populations Living in GQ are Treated in Determination & Credit Wider Range of Housing in APRs
4. Replace Comparable Regions Option with Comparison to National Average
5. Further & Balance the Five Statutory Objectives of RHNA
  - COGs must obtain approval from HCD on methodology before adopting
6. Revise the Allocation Methodology Factors to Increase Clarity and Improve Outcomes
7. Revise the Local Data Survey Requirements
8. Refine the Appeals Process to Increase Clarity and Efficiency
9. Promote Equitable Public Participation During Allocation Methodology Development Process
10. Improve RHNA & RTP/SCS Alignment

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## HCD Future Implementation Efforts (9)

1. Apply Cost Burdened & Overcrowded Determination Adjustment Factors to Existing Households Rather than Projected
2. Improve the Precision of Vacancy Rate Determination Adjustment Factor
3. Refine the Jobs/Housing Determination Adjustment Factor
4. Account for Housing Lost to Vacation Homes and Short-Term Rentals
5. Increase Transparency During the Determination Process
6. Adjust Income Distribution to Better Address Housing Needs of All Regions
7. Adjust How Populations Living in Group Quarters are Treated in Determination, Credit Wider Range of Housing Types in APR
  - Includes certain group quarters populations in the RHND
8. Reduce Allocation to Unincorporated Areas Outside of Population Centers
9. Improve Technical Assistance for the Subregion Process

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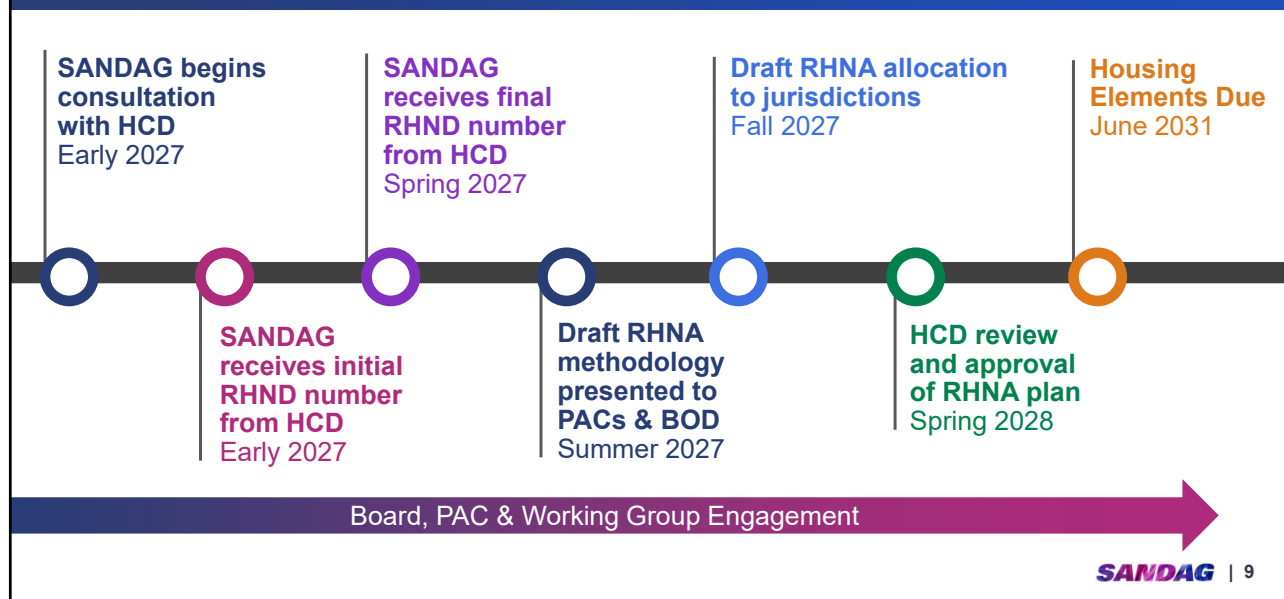
## Feedback Received from Sustainable Communities Working Group

- More involvement of local jurisdictions in the RHND and RHNA development process
- More funding for implementing RHNA
- Greater transparency in the RHND process (and digestible information for the public)
- More clarity and more timely guidance from the state (well in advance of RHND and housing element preparation)
- More clarity on data and methodology used to account for short-term rentals
- Prioritize the number of people housed vs. number of housing units built
- Concerns with data availability and ability to implement AB 3093
- Preservation of naturally occurring affordable housing as an affordability solution missing from RHNA

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## High Level 7th Cycle RHNA Tentative Timeline



9

## Next Steps

- Pending Executive Committee approval, submit a letter to the state summarizing Board feedback on RHNA reform
- Actively monitor legislation related to housing and RHNA
- Provide updates on RHNA reform to jurisdiction staff, the Regional Planning Committee, Executive Committee and Board

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10

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- ✉ Email: [housing@sandag.org](mailto:housing@sandag.org)



11

11

## Recommendation

The Executive Committee is asked to direct staff to submit the RHNA reform letter in substantially the same form as Attachment 2 to the Senate and Assembly Housing Chairs on behalf of the SANDAG Board of Directors.

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