

**Final 6th Cycle Regional Housing Needs
Allocation Plan
2023-2031**

October 2022

Association of Monterey Bay Area Governments



Executive Summary

In August 2021, the California Department of Housing and Community Development (HCD) issued a Regional Housing Need Determination to the AMBAG region for the 6th Cycle planning period of June 30, 2023 to December 15, 2031 and determined that the region must zone to accommodate a minimum of 33,274 housing units during this period. California housing law (Government Code § 65580 et seq.) requires AMBAG, acting in the capacity of Council of Governments (COG), to develop a Regional Housing Needs Allocation (RHNA) Plan to allocate existing and projected housing needs to local jurisdictions within Monterey and Santa Cruz Counties.

Based on the final RHNA Plan, each city and county must update its housing element to demonstrate how the jurisdiction will meet the expected growth in housing need over this period of time. The table below shows the final regional housing need allocation for each jurisdiction in the AMBAG region, broken into four income categories.

Table 1 – RHNA for the AMBAG Region, June 30, 2023 to December 15, 2031

Region	Income Group Totals				RHNA
	Very Low	Low	Mod.	Above Mod.	Total
Region	7,868	5,146	6,167	14,093	33,274
Monterey County					
Carmel-By-The-Sea	113	74	44	118	349
Del Rey Oaks	60	38	24	62	184
Gonzales	173	115	321	657	1,266
Greenfield	101	66	184	379	730
King City	97	63	178	364	702
Marina	94	62	173	356	685
Monterey	1,177	769	462	1,246	3,654
Pacific Grove	362	237	142	384	1,125
Salinas	920	600	1,692	3,462	6,674
Sand City	59	39	49	113	260
Seaside	86	55	156	319	616
Soledad	100	65	183	376	724
Unincorporated Monterey	1,070	700	420	1,136	3,326
Santa Cruz County					
Capitola	430	282	169	455	1,336
Santa Cruz	859	562	709	1,606	3,736
Scotts Valley	392	257	154	417	1,220
Watsonville	283	186	521	1,063	2,053
Unincorporated Santa Cruz	1,492	976	586	1,580	4,634

Timeline

The RHNA Plan is adopted by the AMBAG Board of Directors in Fall 2022. Based on state statutory timelines prescribed in Government Code §65584.04, below are the key milestones dates for the RHNA:

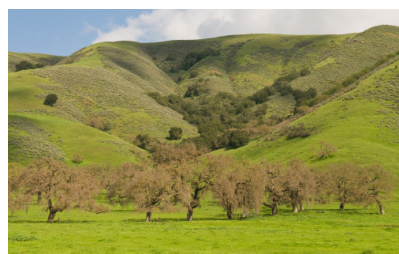
- February 2021 to December 2021 – The Planning Directors Forum, comprised of the planning directors and local government planners for all of the cities and counties in the region, met seven times over eleven months to discuss RHNA and to develop and evaluate draft RHNA methodologies. The AMBAG Board of Directors were informed regularly on the development of the different draft methodologies. As meetings open to the public, these meetings also served as opportunities for the public and advocacy groups to provide comments on the process.
- June 2021 to January 2022 – The Board of Directors met seven times over eight months to review progress on the RHNA methodologies, take input from the Planning Directors Forum, and provide feedback on the process. As meetings open to the public, these meetings also served as opportunities for the public and advocacy groups to provide comments on the process.
- January 12, 2022 – The AMBAG Board of Directors adopted the draft RHNA methodology.
- January – March 2022 – HCD reviews and approves draft methodology.
- April 13, 2022 – Approval of the final RHNA methodology by the AMBAG Board
- April 22, 2022 – Draft RHNA plan released with RHNA allocations by jurisdictions
- April 22 to June 6, 2022 – Local jurisdictions and HCD appeal RHNA allocation within 45 days of release of the draft RHNA plan/allocations
- May 2022 – AMBAG released the final 2045 Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS) accommodating RHNA
- June 7 to July 22, 2022 - Local jurisdictions and HCD comment on appeals within 45 days of the close of the appeal period
- June 15, 2022 – Adoption of Final 2045 MTP/SCS by AMBAG Board
- August 10, 2022 – AMBAG held public hearing on appeals
- September 14, 2022 – AMBAG made final determination that rejects appeals and directed staff to issue final allocation plan
- September 23, 2022 – AMBAG released Final 2023-31 RHNA Plan
- October 12, 2022 - Adoption of Final 2023-31 RHNA Plan with RHNA allocations by AMBAG Board (scheduled)
- December 15, 2023 - Jurisdiction's 6th Cycle Housing Elements are due to HCD



Monterey Bay 2045

Moving Forward

Sustainability.
Mobility.
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Social Equity.



2045 Metropolitan Transportation Plan / Sustainable Communities Strategy

Final
June 2022



Monterey Bay 2045
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Table 1-2: Population

Geography	2015	2020	2025	2030	2035	2040	2045	Compound Annual Growth Rate	Change Over Forecast Period
AMBAG Region	762,241	774,729	800,726	824,992	842,189	857,828	869,776	0.46%	12.27%
Monterey County	430,310	441,143	452,761	467,068	476,028	483,884	491,443	0.43%	11.40%
Carmel-By-The-Sea	3,854	3,949	3,946	3,954	3,964	3,974	3,984	0.04%	0.89%
Del Rey Oaks	1,663	1,662	1,693	1,734	1,859	2,330	2,650	1.88%	59.45%
Gonzales	8,441	8,506	9,650	13,492	14,630	15,398	15,711	2.48%	84.70%
Greenfield	17,172	18,284	19,342	19,734	19,961	20,202	20,433	0.45%	11.75%
King City	13,736	14,797	15,376	16,101	16,689	16,881	17,064	0.57%	15.32%
Marina	21,057	22,321	23,723	25,126	26,713	28,433	30,044	1.20%	34.60%
Monterey	28,086	28,170	28,044	28,650	29,032	29,342	29,639	0.20%	5.21%
Pacific Grove	15,460	15,265	15,290	15,395	15,530	15,676	15,817	0.14%	3.62%
Salinas	158,059	162,222	166,226	170,459	173,393	175,358	177,128	0.35%	9.19%
Sand City	361	385	430	516	756	1,012	1,198	4.65%	211.17%
Seaside	33,815	33,537	34,497	35,107	35,634	36,582	38,316	0.53%	14.25%
Soledad	24,597	25,301	26,112	26,824	27,697	28,419	29,133	0.57%	15.15%
Balance of County	104,009	106,744	108,432	109,976	110,170	110,277	110,326	0.13%	3.36%
San Benito County	58,138	62,353	69,324	73,778	77,638	80,788	83,366	1.17%	33.70%
Hollister	37,314	40,646	42,604	43,327	44,421	45,345	45,599	0.46%	12.19%
San Juan Bautista	1,945	2,112	2,269	2,315	2,374	2,410	2,436	0.57%	15.34%
Balance of County	18,879	19,595	24,451	28,136	30,843	33,033	35,331	2.39%	80.31%
Santa Cruz County	273,793	271,233	278,641	284,146	288,523	293,156	294,967	0.34%	8.75%
Capitola	10,224	10,108	10,485	10,794	10,957	11,049	11,126	0.38%	10.07%
Santa Cruz	64,223	64,424	68,845	72,218	75,257	78,828	79,534	0.85%	23.45%
Scotts Valley	11,496	11,693	11,718	11,837	11,867	11,868	12,010	0.11%	2.71%
Watsonville	52,410	51,515	52,918	54,270	55,138	55,786	56,344	0.36%	9.37%
Balance of County	134,990	133,493	134,675	135,027	135,304	135,625	135,953	0.07%	1.84%

Source: AMBAG 2022 Regional Growth Forecast

development process faster and easier. The State of California offers grants to accelerate the production of housing and approves legislation that allows for more types of homes, like accessory dwelling units to be built statewide. Regionally, government agencies are considering how to better align housing policies with transportation initiatives because both contribute substantially to the region's cost of living.

The SCS land use pattern accommodates the more than 42,000 new households that will be needed over the next 25 years to serve a projected growth of nearly 108,000 additional people.



The SCS land use pattern addresses the needs of all economic segments of the population. Based on the capacity for planned housing development the region will be able to accommodate the projected housing needs for residents of all income levels.

Regional Housing Needs Allocation

California Housing Element law requires that every eight years, AMBAG shall develop a methodology for distributing projected housing need in four income categories – very low, low, moderate and above moderate – to local jurisdictions in Monterey and Santa Cruz Counties and sets forth a process, objectives and factors to use for that methodology. The Council of San Benito County Governments (SBtCOG) performs this function for San Benito County. This process, the Regional Housing Needs Allocation (RHNA), is coordinated by the California Department of Housing and Community Development (HCD). The 2045 MTP/SCS includes an updated RHNA. The 6th Cycle Regional Housing Needs Determination (RHND) from HCD to AMBAG is 33,274 units. SBtCOG's 6th Cycle RHND is 5,005 units.

In the past, the RHNA was conducted separately from the MTP process. SB 375 now links the RHNA and MTP/SCS processes to better integrate housing, land use, and transportation planning. Integrating processes helps ensure that the state's housing goals are met. The RHNA occurs before each housing element cycle, which SB 375 changed from a five-year to an eight-year cycle.

The AMBAG region received its RHNA Determination (for Monterey and Santa Cruz Counties) from HCD for the housing element cycle (2023-2031). The AMBAG RHNA Plan allocates the RHNA Determination by jurisdiction. (For the San Benito RHNA, refer to SBtCOG's RHNA Plan.) Based on the RHNA Plan each jurisdiction will need to

identify adequate sites to address its RHNA allocations in the four income categories when updating its housing element.

Monterey and Santa Cruz Counties have enough housing capacity to accommodate the RHNA allocations. San Benito County also has the housing capacity to accommodate the RHNA as described in the San Benito RHNA Plan. The allocations do not exceed forecasted growth and can be accommodated through infill and redevelopment. The AMBAG and SBtCOG RHNA Plans are under development and are expected to be consistent with the 2045 MTP/SCS. The 2045 MTP/SCS will be adopted within 18 months of the RHNA planning period and 6th Cycle Housing Element deadline as documented by HCD. This schedule follows the required statutory deadlines.

Meeting GHG Targets

In 2018, CARB set updated targets for lowering GHG in the Monterey Bay region. They call for a three percent reduction, in per capita GHG emissions from passenger vehicles by 2020 (compared with 2005); and a six percent per capita reduction by 2035 through land use and transportation planning.

The 2045 MTP/SCS demonstrates that the Monterey Bay region will meet these targets by focusing housing and employment growth in urbanized areas; protecting sensitive habitat and open space; and investing in a transportation system that provides residents, workers and visitors with transportation options that are more effective and diverse.

In addition, the 2045 MTP/SCS includes economic development strategies to encourage job growth in communities that are currently job poor as well as planning for new housing in communities that are currently job rich help to address the jobs/housing imbalance in the region and reduce vehicle miles traveled. The process to develop the MTP/SCS was based upon modeling these forecasted land use patterns and future transportation networks, along with the use of sustainable development principles that have been standard planning practice in the region for some time, and an extensive public outreach process.

California Environmental Quality Act (CEQA) Streamlining

Provisions in SB 375 include opportunities for streamlining the CEQA process, when certain conditions are met, as an incentive for implementing projects that are consistent with this SCS. Generally, there are two types of projects for which CEQA requirements can be streamlined, once the MPO adopts an MTP/SCS that meet the greenhouse gas targets established by CARB:

- Transit priority projects streamlining
- Residential/mixed use projects streamlining

SB 375 includes specific requirements for the CEQA streamlining. The discussion below provides a general outline of the requirements.

Transit Priority Projects

A Transit Priority Project (TPP) is a project within an Opportunity Area and is eligible for CEQA streamlining if it is:

- Consistent with the SCS;

2022 Regional Growth Forecast

Executive Summary

As the Metropolitan Planning Organization (MPO), the Association of Monterey Bay Area of Governments (AMBAG) carries out many planning functions for the tri-county area including development and maintenance of the regional travel demand model (RTDM), long range transportation planning and programming and acting as a regional forum for dialogue on issues facing the region. Most of AMBAG's projects are carried out in support of these major functions, including but not limited to the regional growth forecast. AMBAG develops the forecast with a horizon year that matches the planning timeline of the Metropolitan Transportation Plan (MTP) and the model years for the Regional Travel Demand Model (RTDM). In addition to informing regional planning processes, the forecast is used by local jurisdictions and special districts to inform local and subregional planning.

The last regional growth forecast was adopted in 2018. AMBAG staff began the process of developing a new forecast in spring 2019. This new forecast is referred to as the 2022 Regional Growth Forecast (2022 RGF).

In preparation for this forecast, AMBAG staff conducted a review of recently completed population, housing and employment forecasts. The results of this review indicated that most of the other MPOs in California are using a methodology that emphasizes employment growth as the primary driver of long-term population change at the regional scale. The traditional approach to forecasting population uses a cohort-component approach that considers three factors: births, deaths and migration. While birth and death data are readily available and trends are relatively predictable over time, migration tends to be much more difficult to track and forecast as it is heavily influenced by political and economic climates. For the development of the new forecast, AMBAG chose to progress towards a more contemporary approach that places a greater emphasis on employment. The assumption is that the economy is a reliable predictor of population growth.

AMBAG implemented an employment-driven forecast model for the first time in the 2014 forecast and contracted with the Population Reference Bureau (PRB) to test and apply the model again for the 2018 RGF and the 2022 RGF. To ensure the reliability of the population projections, PRB compared the employment-driven model results with results from a cohort-component forecast, a growth trend forecast, and the most recent forecast published by the California Department of Finance (DOF). All four models resulted in similar population growth trends. As a result of these reliability tests, AMBAG and PRB chose to implement the employment-driven model again for the 2022 RGF.

To disaggregate the forecast for each jurisdiction, AMBAG and PRB used the most current data available to update a series of shift-share models and replicate the methodology used in the prior forecast.