

Quantifying Housing Need in California: The Erroneous Practice of Evidence-Based Policy

ELANA R. SIMON

University of Southern California, USA

This article examines the breakdown of evidence-based policy schemes that assume the neutrality of its measurements through the case of California's Regional Housing Need Assessment (RHNA). RHNA is an intergovernmental land use planning process that compels municipalities to demonstrate sufficient land capacity for their share of regional housing need. A 2018 state bill that reformed the codified methodology to measure housing need established a norm of fulfilled need based on a given California region's deviation from a "comparable" or "healthy" housing market. I examine how the planning apparatus operationalized the comparable region standard by analyzing memos from regional governments that document data analyses and rationales. Critically analyzing the implementation of the methodology illustrates that the quantification of housing need is not a neutral and objective measure, but rather a sociotechnical project that reflects the institutional, political, and technical constraints of its context.

Keywords: urban indicator, evidence-based policy, regional planning, housing and land use

Scholars have long held that quantifying a problem makes it governable (Rose, 1991). This raises the question of how the state can quantify sociopolitical phenomena that are not readily observable. The measurement of "housing need" in California provides one example of this governance dilemma. The state constructs its object of governance by embedding techniques of measurement in policy, only to see its abstraction unravel when institutions apply the measure in the planning process.

I examine the breakdown of evidence-based policy schemes that assume the neutrality of its measurements through the case of California's Regional Housing Need Assessment (RHNA). I begin by describing how policymakers reformed the housing need determination methodology for RHNA by instituting the "comparable region standard" as a purportedly neutral measurement. I detail its ensuing collapse by examining how state agencies and regional governments operationalized the comparable region standard. Situating the comparable region standard in the institutional environments responsible for its construction demonstrates how policy indicators are sociotechnical projects that reflect the institutional, political, and technical constraints of its context.

California's Regional Housing Need Determination: A Sociotechnical Project

The quantification of "housing need" for California's Regional Housing Need Assessment (RHNA) functions as a political battleground to shape the trajectory of housing development. RHNA is an

intergovernmental land use planning process that, in principle, compels municipalities to demonstrate sufficient land capacity for their share of regional housing need or rezone to accommodate their allocation. California's Housing Element Law charges the Department of Housing and Community Development (HCD) and regional governments, termed Council of Governments (COGs), with calculating regional housing need in accordance with its prescribed method (California Government Code § 65584.01, 2024.). COGs then distribute regional shares of housing need to localities consistent with statutory objectives (California Government Code § 65584.04, 2024). Consequently, the state's need measurement weighs heavily on local political realities. Coupled with viable enforcement mechanisms,¹ a RHNA allocation large enough to obligate a municipality to rezone upsets the "virtually sacred" institution of home rule that grants local governments power to regulate land (Baer, 2008, p. 54).

The need determination for RHNA does not capture an already-existing reality of housing need. Rather, the administrative implementation of a codified methodology actively constructs housing need through a quantitative indicator that mobilizes tacit norms. Policy indicators, according to Innes de Neufville (1990), are an institutional technique for collecting and combining data to signify shared meaning about sociopolitical phenomena. Measuring housing need entails weighing the observable housing stock against some alternative expectation of fulfilled need, demonstrating how the need determination sits at "the intersection of fact and theory" (Innes de Neufville, 1978, p. 172). The production of facts about what constitutes an observable unit of housing need stems from the prevalent information source for American housing policy, the Census Bureau's survey of the population and housing stock. The Bureau's data structure defines a "household" as any persons who occupy a "housing unit" regardless of the potentially dynamic relationships among inhabitants (Census Bureau, 2018). Official records of households/housing units mask people who would otherwise count as in need of housing, from households that double-up to cope with high costs to people who leave or are deterred from entering California due to constrained opportunity (Mulder, 2006). Given that the unit of analysis obfuscates the relationship between people and existing units, the creation of a reference point from which to weigh the observable housing stock against must reflect a theory about the norm of fulfilled need (Myers, Park, & Lee, 2018). The housing need determination is a sociotechnical project that must construct the problem it seeks to describe and govern.

Instituting the Comparable Region Standard: A "Data-Driven" Policy Intervention

The sixth RHNA planning cycle that began in 2018 marked the first time that the state of California acknowledged a housing shortage in the need determination methodology. Previously, state law defined housing need as new units required to accommodate population growth by comparing population projections with the record of existing households (Monkkonen, Manville, & Friedman, 2019). Making "future households" the benchmark for need not only overlooked the possibility of unfulfilled need in the present. Using current population data as the baseline embedded patterns of suppressed household formation (Elmendorf, Marantz, & Monkkonen, 2022). Among a wave of reforms responding to a burgeoning housing

¹ Local governments have historically flouted their RHNA obligations. Prior to the onset of the sixth RHNA planning cycle, the state adopted a slew of reform bills that instituted more credible enforcement mechanisms (Elmendorf, 2019).

crisis, one bill targeted the “flawed” RHNA methodology that blunted the measure of housing need (Wiener, 2018, n.p.).

The adoption of Senate Bill 828 inserted an adjustment that recognized the present condition of housing need in California regions on the basis of a “healthy” housing market norm (California Government Code § 65584.01, 2024). The bill instituted a comparable region standard, which required HCD and COGs to recalibrate the measure of regional need derived from the population projection method based on a given California region’s deviation from a “comparable” or “healthy” housing market² (Senate Bill [SB] 828, 2017–2018).

Rather than ground knowledge of housing need in localized factors, the comparable region standard posed California regions as an aberration from the norm of a decontextualized “healthy” housing market that ostensibly exists elsewhere. The legislation left the definition of a “comparable” housing market to the discretion of COGs with HCD oversight (SB 828, 2017–2018). In effect, SB 828 introduced a pliable directive upon which COGs and HCD could define the basis of comparison and therefore the condition of fulfilled need. The sponsoring legislator championed the adjustment as a “data-driven and less political” corrective (Wiener, 2018, n.p.), overlooking how the practical implementation of the method rests on institutional arrangements mired in conflict over the power to regulate land.

The application of the comparable region standard transformed the scale of officially determined housing need in California. HCD’s statewide need determination of 2.11 million housing units amounted to a near doubling of the prior cycle’s measure (California Department of Housing, n.d.). The sixth cycle need determination generated new pressure on localities in the state’s metropolitan regions to rezone. A preliminary analysis found that RHNA-compliant municipalities in southern California agreed to more than 10 times the amount of rezoning than in the previous planning cycle (Monkkonen, Manville, Lens, Barrall, & Arena, 2023).

The ensuing eruption of conflict over the validity of the housing need determination methodology marked a political moment when agents in the planning process destabilized the link between the indicator and its conceptual referent. After COGs distributed regional need to localities, local governments contested their allocation as an unrealistic representation of development capacity through the RHNA appeals process. Southern California Association of Governments (SCAG) and the Association of Bay Area Government (ABAG) received double the number of appeals than the prior cycle (Glazer, 2021). Though the appeal procedure technically precluded the need determination methodology and its implementation (California Government Code § 65584.05, 2024), localities argued for a modification of their allocation on the basis that COGs “failed” to consider “local planning factors” such as limited land and infrastructure that made it impossible, or severely detrimental, to accommodate new housing (County of Orange, 2020, p. 28). This subset of appeals employed land use analyses that rationalized a proportional reduction in their allocation. Refutations of the state’s need determination asserted an alternative norm of housing need contingent on the locally determined condition of being “built out” that presumes current land use patterns are largely fixed.

² SB 828 established a comparison between a COG and selected comparable regions in terms of the share of cost burdened households and overcrowded households (SB 828, 2017–2018).

In response to the unprecedented “flood” of local government appeals (Glazer, 2021, p. 1), the state legislature commissioned an emergency audit of the implementation of the need determination methodology. Policymakers upheld the audit as an “independent and objective review” (Glazer, 2021, p. 1). However, institutional constraints on the purview of the audit limited the investigation to an assessment of whether HCD and COGs’ implementation of the need determination methodology deviated from state law and legislative intent (Tilden, 2022). The audit identified processual error related to HCD’s “inconsistent” review process (Tilden, 2022, p. 21). Further, inadequate quality control allowed human error in data entry and analysis to reduce the measure of regional housing need for at least one region (Tilden, 2022, p. 12–13). Surfacing processual missteps left the content of the need determination unquestioned and reified the possibility of an unrealized objective measurement.

Evidence-Based Policy in Practice

Beneath the surface of debate over the validity of the housing need determination, a critical moment of breakdown occurred when HCD and COGs implemented policy indicators in the planning process. I find evidence of this breakdown in consulting memos that COGs prepared for HCD to document their “data assumptions” and rationale for defining a comparable region (SB 828, 2017–2018).³ I approach the memos as traces of broader “knowledge infrastructure[s]” comprised of institutional cultures and technologies to analyze the situated rationalities underlying the calculation of regional housing need determinations (Borgman, 2015, p. 4). COGs developed different, and oftentimes internally contradictory, logics to operationalize the comparable region standard, illustrating the breakdown of a neutral and coherent norm of housing need in the planning process.

Making Quantifiable Comparisons

SB 828 grants COGs discretion to define a comparable region insofar as the comparison is quantifiable. Absent statutory requirements to characterize or limit the nature of comparison, COGs’ selection of demographic and economic variables to make comparisons shaped how regions became knowable as “similar” or “different.”

For example, ABAG established comparisons of similarity through a KDTREE search algorithm that found “regions statistically most similar” (Association of Bay Area Governments [ABAG], 2020, p. 11). The variables ABAG selected to establish similarity elevated measures of income polarization, such as the Gini coefficient, the share of households in poverty, and the share of households with incomes exceeding \$200,000. The ensuing analysis concluded that seven metropolitan areas including Seattle, Boston, and Denver constitute comparable regions for the Bay Area (ABAG, 2020). ABAG’s comparable region standard made housing conditions in peer technology hubs the norm for housing need in the Bay Area, raising

³ I analyze five COGs’ consulting memos that were publicly available (Fresno Council of Government [Fresno COG], 2021; Santa Barbara County Association of Governments, 2021; Association of Bay Area Governments [ABAG], 2020; Southern California Association of Governments [SCAG], 2019; Stanislaus Council of Governments, n.d.). The RHNA sixth cycle involved 26 COGs.

questions about whether the comparison undermined the planning mandate to address unfulfilled housing need in California's overstretched metropolitan housing markets.

Other COGs constructed counterfactual comparisons, defining a "comparable region" as one that is observably similar except for the state of its housing market. Fresno Council of Governments (Fresno COG) established a process to "identify any potentially unhealthy housing markets" by eliminating counties with shares of cost burdened households that exceeded the national average by five or ten percentage points depending on household income level (Fresno Council of Governments [Fresno COG], 2021, p. 7). Consequently, Fresno COG's counterfactual standard retained counties with shares of cost burdened low-income households that exceeded the national average, including Kern County, California and Bernalillo County, New Mexico (Fresno COG, 2021).

Confronting Multiple and Reverse Causation

The selection of variables to measure degrees of comparability introduced another implementation quandary. COGs primarily used demographic variables to quantify comparisons, such as the age distribution of the population, educational attainment, and immigration status (ABAG, 2020; Fresno COG, 2021; SCAG, 2019). Demographic data surfaces the entanglement of population and housing markets by representing the population characteristics of a region and elements of housing demand. Consider the share of higher-income households in a region. Using the variable to describe a region's demographic characteristics simultaneously serves as a marker of demand. Does the variable represent an inherent characteristic of the region, or does it reflect fulfilled housing demand? The "two-sided" relationship between population and housing has long posed challenges for population forecasters who cannot isolate housing as an independent variable separate from the population dynamics they are seeking to describe (Mulder, 2006, p. 402).

Regions as Implicit Units of Analysis

SB 828 assumed the "region" as the unit of analysis to measure housing need, mirroring RHNA as the planning instrument of intervention. As such, COG consulting memos applied standardized regional geographic units to construct measures of regional housing need.

The implicit use of regional areal units obscured cross-cutting structural factors that supersede those boundaries to shape and constrain housing development. For example, the dramatic expansion and contraction of credit in the lead-up and aftermath of the Housing Bubble reshaped regional housing markets nationwide, albeit with unequal effects within and across regions (Urban Institute, 2023). The rise of federal interest rates after the pandemic also thwarted new construction across metropolitan areas (Anenberg & Ringo, 2021). Measuring need at the regional scale absorbed superseding structural factors of housing need.

Conclusion

Though policymakers advanced the comparable region standard as a data-driven, apolitical solution to quantify housing need, the underlying norm of housing need unraveled when institutions practically applied the measure in the planning process. A critical analysis of COGs' comparable region memos illustrates that the standard was not driven by "data" but an intergovernmental planning apparatus that applied multiple, internally contradictory logics in their definition of a comparable region and hence the norm of fulfilled need. The multiple logics that informed implementation reflect the political and technical constraints of institutional contexts. While there are more defensible techniques to measure housing need, grand solutions to the housing crisis cannot be found in incrementally more precise measurements. Rather, the breakdown of the comparable region standard demands a paradigm shift in how policymakers and planning institutions create and use policy indicators to construct knowledge about public problems.

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