



CITY OF YORBA LINDA

4845 CASA LOMA AVENUE • YORBA LINDA • CALIFORNIA 92886

May 29, 2019

Honorable Peggy Huang, Chair
Community, Economic and Human Development Policy Committee and Regional Housing
Needs Assessment Subcommittee
Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700
Los Angeles, California 90017

**Subject: Draft Regional Housing Needs Assessment (RHNA) Consultation Package
to the California Department of Housing and Community Development
(HCD) and Proposed RHNA Methodology Components**

Honorable Chair Huang and Honorable Members of the Community, Economic and Human
Development Policy Committee and Honorable Members of the Regional Housing Needs
Assessment Subcommittee:

The City of Yorba Linda appreciates the time and effort provided by the Southern California
Association of Government (SCAG) Board, each of the SCAG Committees and Subcommittees,
and SCAG staff in its tireless efforts to address California's housing crisis. The City remains
committed to doing its part in addressing this housing crisis in compliance with Housing Element
law (Government Code Sections 65580-65598.8).

Over the past decade, the City rezoned 14 properties (totaling 53 acres) as potential multi-family
housing sites with a capacity of 1,027 housing units through two ballot measure efforts, and as
of the end of 2018 has constructed 843 housing units (including 136 low- and very low-income
housing units). In fact, the City was recognized by the state and county chapters of the
American Planning Association for its public outreach and education efforts for rezoning these
properties through local Measures H and I, due to a 2006 voter-approved land-use-right-to-vote
initiative. Additionally, the City has been recognized for two affordable housing development
awards (Oakcrest Terrace and Oakcrest Heights) by the Kennedy Commission and the county
chapter of the American Planning Association. Moreover, the City is scheduled to take a
recently-submitted 47-unit affordable housing development to the Planning Commission for
approval in June 2019.

While the City has been able to continue to build housing units to meet existing and projected
need, our land inventory has been significantly reduced since the last RHNA cycle. It is
becoming increasingly difficult to find undeveloped or underutilized land within the City.
Therefore, the City is extremely concerned about some of the proposed methodologies
suggested by SCAG staff. Of greatest concern has been the recent discussions related to
addressing existing housing need. This is a complicated and nuanced subject matter and the
City has attempted to condense its concerns into the following four points:

- 1) The staff report for Agenda Item 6 from the May 6, 2019, RHNA Subcommittee agenda
states, "Separate estimates of existing need have not been included in the RTP/SCS

growth forecast development, so therefore an alternative means of assessing and allocating this need is required.”¹ The City disagrees that a separate means of assessing the existing need is required. As a result, the SCAG growth forecast and input from local jurisdictions has always reflected existing demand (also known as existing need) and future projected need (which is anticipated growth planned for and approved to accommodate future demand).

It is important to note that what was added into Government Code Section 65584.01 through AB 2238 was a requirement to provide data assumptions for a variety of household data criteria, including, but not limited to overcrowding, cost-burdened households, and vacancy rate. As has been discussed at multiple RHNA Subcommittee meetings and in discussions with the Panel of Experts, “existing need is exceptionally challenging to pin down using available data sources. The trouble lies in the fact that housing need is linked to a wide array of social and economic conditions, leading to extremely wide estimates...” with some experts stating that “adding up several measures which overlap would result in excessively high estimates or double counting.”²

SCAG’s local input process for the 2020 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) growth forecast has been the most comprehensive and successful to date, with outreach to and participation from all 197 jurisdictions. This process included local input on both projected **and** existing housing need. Orange County jurisdictions provided this through the Orange County Projections (OCP) process. Therefore, SCAG should rely upon the RTP/SCS growth forecast and propose a regional determination of no more than 429,926 housing units for the 6th cycle to the State Department of Housing and Community Development (HCD). As such, all numbers, tables, and discussion regarding existing need as a separate calculation should be removed from discussion, since by adding a separate existing need, the RHNA methodology would result in double counting for jurisdictions.

- 2) The staff presentation for Agenda Item 1 for SCAG’s Technical Working Group (TWG) stated “RTP/SCS growth forecast aims to represent the most likely future condition given current and future demographic and economic trends” and that “6th cycle RHNA existing need requirements go beyond what has been considered in the RTP/SCS growth forecast.” This presentation also stated that there would be no need to revise the growth forecast scenarios in the RTP/SCS, the appendices, or the Program Environmental Impact Report (PEIR); however, as mentioned previously, SCAG has also acknowledged that “separate estimates of existing need have not been included in the RTP/SCS growth forecast development, so therefore an alternative means of assessing and allocating this need is required.” If the draft estimated forecasts of up to 368,000 new housing units³ to accommodate for the existing regional housing need were not included in the RTP/SCS growth forecast development of no more than 429,926 housing units, SCAG should update the growth forecasts and the associated environmental impacts associated with this additional housing growth.

This rationale appears to contradict the Technical Advisory published by a recent Governor’s Office of Planning and Research (OPR) which states, “In MPO areas,

¹ May 6, 2019 RHNA Subcommittee Staff Report, Agenda Item 6, Page 12

² May 6, 2019 RHNA Subcommittee Staff Report, Agenda Item 5, Page 9

³ Assuming the prorated share of SCAG’s estimated 368,000 existing need in Table 5 of Item 6 from the May 6, 2019 RHNA Subcommittee Meeting

development measured against city vehicle miles traveled (VMT) per capita (rather than regional VMT per capita) should not cumulatively exceed the population or number of units specified in the SCS for that city because greater-than-planned amounts of development in areas above the region-based threshold would undermine the VMT containment needed to achieve regional targets under SB 375.” Furthermore, OPR states that “proposed development referencing a threshold based on city VMT per capita (rather than regional VMT per capita) should not cumulatively exceed the number of units specified in the SCS for that city, and should be consistent with the SCS.”⁴ This is further supported by Government Code 65584(d)(2), which sites one of RHNA’s objectives as “achievement of the region’s greenhouse gas reductions targets provided by the State Air Resources Board.”

Additionally, it would be contrary to fundamental land use planning principles if the RTP/SCS local input growth forecast is modified to match a higher-than-local-input RHNA regional determination by HCD without revising the RTP/SCS to be consistent with those growth forecasts. This is because the RTP/SCS was prepared to provide a vision for transportation investments throughout the region using growth forecasts and economic trends projected out 20 years. If the RTP/SCS growth forecasts do not include projected housing growth based existing needs, SCAG would be planning for housing without the transportation network and job centers to support it. This is especially concerning when coupled with SCAG’s recommendation to spread the existing regional housing need throughout the region simply based upon population and proximity to high quality transit areas (HQTAs) without any local input on the impacts of being required to plan for these additional units. Staff believes that this is further supported by one by Government Code Section 65584(d)(2) which includes “the encouragement of efficient development patterns” as one of RHNA’s objectives. As discussed in comment #1, the City believes that the existing need component is already included within the RTP/SCS growth forecasts and recommends that the RHNA methodology rely upon the growth forecasts of 429,926 housing units included within the RTP/SCS, which already have included both projected **and** existing housing need.

- 3) The City requests that no action should be taken by the RHNA Subcommittee or the Community, Economic, and Human Development (CEHD) Committee to approve any methodology regarding the disaggregation of the regional number to the jurisdictional level, including such items as the social equity adjustment or the 70/30 split, until after HCD provides SCAG with the regional housing allocation total.

However, if SCAG does decide to utilize this type of methodology, the City recommends that an additional data assumption be utilized to account for land availability or land capacity. For example, City A could have a population of 100,000 and 10 acres of available land, while City B could have a population of 10,000 and 1,000 acres of available land. In this example, City A would be required to produce 10 times the existing housing need on 1/100 of the land area available as City B. During the Local Input and Envisioning Process in 2017, all 197 SCAG jurisdiction were provided an opportunity to provide local input on various data, including, but not limited to, general plan land use, zoning, existing land use, infill opportunities, and redevelopment opportunities. This data could be used as an additional factor in the methodology as a means of addressing this concern.

⁴ See Page 15, Paragraphs 2 and 3, from the December 2018 Technical Advisory on Evaluating Transportation Impacts in CEQA published by the Governor’s Office of Planning and Research

The City also requests that no action on methodology should be taken by the RHNA Subcommittee or CEHD Committee before seeing alternate scenarios of the potential jurisdictional disaggregation methods using numbers and examples for all the jurisdictions within the region. The possibility of having exponentially higher numbers than in the 2012 RHNA (5th cycle) and approving a methodology to disaggregate to the jurisdictional level prior to receiving the regional total from HCD is inappropriate. Jurisdictions and SCAG are unable to analyze the true impact of the various methods, such as the social equity adjustment, until the regional allocation is confirmed. Furthermore, since RHNA legislation has historically included a provision for existing need and SCAG's growth forecast addresses both existing and future need, there should be no additive, separate calculation for existing need.

It should be noted that AB 2238 only added one new data assumption (cost-burdened households) and clarified two existing data assumptions (overcrowded and healthy market vacancy rates) to consider when preparing the RHNA. All of these are ways to address projected and existing need through the evaluation of detailed data at the jurisdictional level. Thus, all of these are items that should be addressed during the disaggregation of the regional total to the jurisdiction level only, not as an additional numerical increase to the regional total. As stated by SCAG staff in their 70/30 sample methodology, using HQTAs as a proxy for the variables of cost burdened and overcrowding is only one of many ways to address and correct need at the jurisdictional level.

Therefore, the City requests that SCAG staff provide the following data for all the jurisdictions in the SCAG region no later than five days prior to presenting the HCD consultation package to the CEHD for approval, even if the data can only be provided as preliminary rough data assumptions:

- a. Cost burden
 - b. Healthy vacancy rate
 - c. Overcrowding
 - d. Jurisdiction population total and share of the region's population (specifying the year and source of the population data)
 - e. Jurisdiction share of the region's population within the HQTAs
 - f. Shapefiles of the HQTAs to be used in a potential 70/30 existing need assignment (specifying the year the data reflects, e.g. 2016 base year).
- 4) There have been some comments made at the RHNA Subcommittee meeting suggesting that the RHNA methodology require as much housing as possible rather than allowing for the minimum. The City recommends instead that the RHNA methodology simply rely on and be consistent with the RTP/SCS growth forecasts (which already includes existing and projected need). It is important to note that there are multiple requirements in state housing element law with which local jurisdictions are obligated to comply.

For example, jurisdictions are required to have their housing elements approved by HCD. The housing element must demonstrate that the jurisdiction has enough sites available to accommodate their RHNA. If the RHNA methodology includes an existing need component based on a jurisdiction's share of the population, it will be nearly impossible for many jurisdictions to get their housing elements approved by HCD. For example, there are relatively new master-planned cities where every unrestricted parcel

is literally developed. How would one of these cities with a population of approximately 50,000 identify enough sites in their housing element to be certified if they were assigned an existing need, not including projected need, of 650 housing units⁵?

Furthermore, there are other recent laws that impact a jurisdiction's responsibility with RHNA:

- Historically, jurisdictions have only been responsible for zoning sites to accommodate RHNA; however, SB 35 penalizes jurisdictions for inability to construct a pro-rata share of its RHNA during the planning period even if properties are already zoned to allow for housing development. This is of great concern since the City does not control the housing construction market. In fact, numerous articles have been recently published about slowdowns in the housing construction market⁶. It is private developers that are coming to jurisdictions asking for approvals of projects to meet demand they foresee in the future and demand that exists currently. This is obvious because phasing of projects is accelerated or delayed routinely in response to current demand. These projects get approved by jurisdictions in response to both current demand and good planning for the future. The higher the RHNA, the more likely jurisdictions will be penalized through SB 35 because of unachievable housing production requirements.
- AB 1397 specifies that housing elements can only list land as a potential site to accommodate new housing if that land has a realistic capacity for housing development. Therefore, basing existing need solely on the jurisdiction's share of population will place numerous jurisdictions in a position where their housing elements cannot comply with state housing element law. This also includes a limitation on carrying over vacant sites as housing sites if they have been included in two or more previous housing elements.
- SB 166 requires local jurisdictions to continually update their housing elements and General Plans, as new development permits are issued and land uses change, to ensure that their housing elements always identify enough sites for potential development to meet their assigned goals for housing of different income categories. This is also known as the "No Net Loss" provision of state housing law. Since local jurisdictions rely upon private housing developers to build housing (based on local market conditions), local jurisdictions cannot fully control how a property is built. For example, a city may zone a 10-acre property to allow for by-right development at a density of 30 units to the acre (resulting in a potential capacity of 300 units) and a developer may decide that what the market demands is 18 units to the acre (resulting in 180 housing units constructed). In this case, the city would need to demonstrate where the net difference in housing units between the land capacity and actual development (120 housing units) can be built. Local jurisdictions with limited land capacity and high RHNA allocations will find it nearly impossible to comply with state housing law unless developers built at the maximum density allowed on the site.

⁵ Assuming the prorated share of SCAG's estimated 368,000 existing need in Table 5 of Item 6 from the May 6, 2019 RHNA Subcommittee Meeting

⁶ For example, see "Southern California builders, swamped with unsold homes, cut construction to 3-year low," Orange County Register, May 20, 2019; "The slowing trend in California construction starts," First Tuesday Journal, April 24, 2019; "California housing seen cooling going further into 2020: UCLA forecast," CNBC, March 13, 2019

RHNA Methodology Comment Letter – City of Yorba Linda
May 29, 2019

The City recognizes and appreciates the time and effort provided by everyone on this important and complex issue and for your consideration of these items. Please let us know if you need any additional clarification or have any questions by contacting Nate Farnsworth, Principal Planner, at (714) 961-7131 or nfarnsworth@yorbalingca.gov.

Sincerely,



David Brantley
Community Development Director

cc: SCAG Community, Economic, and Human Development Committee
SCAG Regional Housing Needs Assessment Subcommittee
Kome Ajise, SCAG Director of Planning
Yorba Linda City Council
Mark Pulone, City Manager
Nate Farnsworth, Principal Planner