



CITY OF YORBA LINDA

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OFFICE OF THE MAYOR

January 2, 2020

Mr. Douglas R. McCauley
Acting Director
California Department of Housing and Community Development
2020 West El Camino Avenue
Sacramento, CA 95833

Subject: Regional Housing Needs Assessment (RHNA) Methodology

Dear Mr. McCauley:

On behalf of the City of Yorba Linda, I am writing to express our concerns and opposition to the action taken by the Regional Council of the Southern California Association of Governments (SCAG) on November 7, 2019, approving, through a substitute motion, an alternative Regional Housing Needs Assessment (RHNA) methodology that shifts approximately 75,000 additional housing units into Orange County. For the City of Yorba Linda, this represents more than a 1,000% increase above the SCAG staff recommended methodology.

Since October 2018, SCAG staff worked with its RHNA Subcommittee in regular monthly public meetings to develop a recommended RHNA methodology to be considered by HCD. On July 22, 2019, the RHNA Subcommittee recommended that the SCAG Regional Council authorize the release of three RHNA methodology options for public review and comment. On August 1, 2019, the Regional Council released these three methodology options for a public comment period, which also included four separate public hearings. Approximately 250 people attended these public hearings and approximately 250 comment letters were submitted by the deadline.

After reviewing all the public comments, SCAG developed a new methodology, which they fully reviewed and determined would comply with all of the RHNA objectives outlined in Government Code 65584 and presented it to the public on September 23, 2019. On October 7, 2019, the RHNA Subcommittee voted to support this recommended methodology and forwarded it to the SCAG Community, Economic Development, and Human Development (CEHD) Committee for review. On October 21, 2019, the CEHD Committee unanimously voted to support this recommended methodology and forwarded it to the Regional Council. However, a new alternate conceptual methodology was introduced at the Regional Council meeting on November 7, 2019, which was subsequently approved through a substitute motion, despite the lack of detail and opportunity for review and discussion.

In addition to the concerns cited above, the City also raises the following three points related to the alternative RHNA methodology:

- 1) As we have stated in previous comment letters to SCAG on the RHNA methodology, it is absolutely critical that local data be utilized in the development of the RHNA methodology. Every jurisdiction has its own unique characteristics and a one-size-fits-all approach to RHNA would have a devastating impact on the character of each of these jurisdictions. Government Code Section 65584.04(e) specifically states that "to the extent that sufficient

data is available from local governments...each council of governments.... shall include the following factors to develop the methodology that allocates regional housing needs.” Therefore, ignoring local input in the RHNA methodology would not only be inappropriate, but would be contrary to state housing law.

Local input also ensures consistency between the RHNA and the Regional Transportation Plan (RTP)/Sustainable Communities Strategy (SCS) (referred to by SCAG as Connect SoCal) as required by Government Code Section 65584.04(m). As currently proposed, the RHNA would not be consistent with the development patterns proposed in the draft Connect SoCal Plan and its Program Environmental Impact Report (PEIR). For example, Connect SoCal projects approximately 900 households to be formed over the next **25 years** in the City of Yorba Linda; however, the RHNA assigns 2,322 housing units for the **eight-year** planning period (2021-2029) for the RHNA.

The alternative methodology submitted to HCD only uses local input to determine a jurisdiction’s **projected** housing need; however, the **existing** need is primarily calculated based on a jurisdiction’s proximity to jobs and transit. Implementing a one-size-fits-all methodology to account for two-thirds of a jurisdiction’s RHNA is not equitable and is contrary to the RHNA objective found in Government Code Section 65584(d)(1).

- 2) The CEO of the Building Industry Association of Southern California (BIASC), who also is a member of the RHNA Subcommittee, along with several other key business and industry associations, sent a letter to SCAG dated September 13, 2019, outlining their concerns with the three methodology options released by SCAG for public comment. While the alternative methodology approved by SCAG’s Regional Council was not analyzed by the BIASC in their letter, the same principles still apply:

“Several persistent regulatory trends are actually working against meaningful increases in housing production, and especially production at the scale needed to alleviate our state’s housing crisis...”

“The regulatory trend toward an over-emphasis on urban renewal and densification is particularly problematic from an affordability standpoint because the costs of building urban housing is often several times higher (on a square foot basis) than are the costs of other available and potential housing types – particularly less dense, suburban type development that is variously called relative “greenfield,” “new town”, “edge” or “fringe” development. Because the costs of developing and constructing dense urban housing is much higher than other types of homebuilding, fewer households can afford to buy or even to rent such new urban housing in comparison to the other types of new housing, at least not without significant government subsidies or housing assistance programs.

“As a consequence, the strong regulatory preference for more intense urbanization and the broad disfavoring of greenfield development are leading to sharp cost and price increases, which worsen the undersupply of housing, and decrease both home ownership and living standards. These trends should be especially alarming to those who are concerned about social equity and economic mobility – because home ownership has long provided a critical pathway for working class households to both secure housing and to accumulate family wealth and financial security.”

In short, the recommended methodology, which concentrates more RHNA in coastal Orange County, where real property costs are greater, further impedes the production and cost of housing, which is contrary to the objectives of RHNA.

- 3) The City is extremely concerned with how it will comply with such a large RHNA obligation, given the myriad of recent housing bills passed, coupled with existing housing law, that significantly limit a jurisdiction's ability to "count" sites towards RHNA. For example:
- AB 1397 (which amends Government Code Section 65583) significantly restricts what sites are eligible to be used for planning purposes by requiring that the land must have realistic capacity for housing development. In other words, a jurisdiction could potentially rezone every single developed parcel of land for high-density housing and still not have enough eligible properties for its RHNA obligation because those parcels don't have the realistic capacity for redevelopment within the planning period. In order to get its updated housing element approved, a jurisdiction will have to demonstrate to HCD where those housing units can be constructed. Moreover, this bill combined with SB 330 require that jurisdictions must approve housing proposals that comply with all of the jurisdiction's written, objective development standards at the time of preliminary application submittal, regardless of whether the proposed development provides the density or affordability anticipated within the Housing Element.
 - SB 166 requires that jurisdictions continually update their housing elements as new permits are issued to ensure that their housing elements always identify enough sites for potential development to meet their assigned goals for housing in the different income categories (also referred to as "no net loss"). This will result in most jurisdictions having to rezone additional properties above and beyond their RHNA obligation for affordable housing purposes to ensure that there will be sufficient eligible sites (i.e., "a buffer") in cases where a property owner decides to develop at a lower density than the maximum for which the zone may allow. Furthermore, it is common for private developers to propose projects that are lower than the maximum densities allowed due to land development economics, market preference, etc.
 - SB 35 states that if a jurisdiction has not constructed its pro-rata share of above moderate housing from its RHNA obligation, the jurisdiction is required to approve by right any housing development that includes 10% affordability. Combined with the previously mentioned housing laws, if a property owner desires to develop a parcel at less than the maximum density allowed in the zone and proposes 10% affordability within the project, the jurisdiction would be obligated to approve the development and would then have to find additional eligible housing sites with realistic capacity for development to accommodate the shortfall from the development not constructing at maximum density.
 - AB 881 (along with AB 68 and SB 13) create more opportunities for counting ADUs for RHNA purposes in a jurisdiction's Annual Progress Report (APR); however, until HCD clarifies how a jurisdiction can count ADUs for housing sites inventory purposes in the Housing Element, these bills do not help jurisdictions to obtain a certified Housing Element. Historically, jurisdictions have only been able to count ADUs in the Housing Element based on historic trends for ADU construction. Given the significant increase in opportunities to construct ADUs as a result of these bills, we strongly encourage

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HCD to allow jurisdictions to count ADUs as a more significant portion of their housing sites inventory.

- Finally, if jurisdictions are unable to identify sufficient housing sites, AB 101/SB 102 would impose significant fines (ranging from \$10,000 - \$600,000 per month) on jurisdictions that cannot meet their RHNA obligation.

In conclusion, the City of Yorba Linda implores HCD to preserve the integrity of the local input process in establishing any RHNA methodology. Ignoring local input would be disastrous to many jurisdictions throughout the region and will result in many jurisdictions being unable to obtain a certified housing element. The City believes that the publicly vetted, SCAG staff recommended methodology (recommended by its RHNA Subcommittee and CEHD Committee) most appropriately utilizes local input among all the analyzed options.

The City remains committed to easing the burden of the state's housing crisis and has been acting in good faith throughout the 5th RHNA cycle to provide the appropriate zoning tools to accommodate its RHNA obligation. During the 5th RHNA cycle, the City of Yorba Linda has constructed nearly 1,000 new housing units, including 136 low- and very low-income housing units. Furthermore, in June 2019, the City also approved a 48-unit extremely low-, very low- and low-income multi-family senior apartment project.

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,



Beth Haney
Mayor

cc: Yorba Linda City Council
Mark Pulone, City Manager
David Brantley, Community Development Director
Nate Farnsworth, Principal Planner