



FUTURE READY FOUNTAIN VALLEY

2040 General Plan

GPAC Status Update - September 2019

Schedule Adjustment

At its last meeting on July 17, 2019, the General Plan Advisory Committee (GPAC) discussed the Regional Housing Needs Assessment (RHNA) and the need to synch the General Plan Update schedule to that process since it will impact land use considerations. Accordingly, the analysis of opportunity sites, GPAC meetings, and public outreach will be postponed until the final RHNA numbers are released, which are expected to be in January 2020.

In the meantime, work on drafting policies that are not dependent upon land use and on the existing conditions and community profile tasks will continue.

A revised General Plan Update schedule will be created once there is a clearer understanding of the RHNA timing.

RHNA Update

Much has happened since the last GPAC meeting, which is the basis for the delay. In summary:

- The California Department of Housing and Community Development (HCD) provided their draft allocation for the SCAG region and it is much higher than was anticipated – a total of 1,344,740 housing units. More information can be found here: <https://scag.cmail20.com/t/ViewEmail/r/9D795EA29BC5B2AB2540EF23F30FEDED/A9D9BA74388C564184E5AAD5A6C37FC6>
- SCAG has offered three optional methodologies to allocate these units to each jurisdiction for public review and feedback. At a future meeting, SCAG will select one option or a modified version. <http://www.scag.ca.gov/programs/Documents/RHNA/RHNA-Final-Proposed-Methodology.pdf>
- As they stand, these methodologies would result in a range of between 944 to 3,520 units that the City of Fountain Valley would need to accommodate. <http://www.scag.ca.gov/programs/Documents/RHNA/RHNA-Proposed-Methodology-Estimate-Tool-Options1-3.xlsx> (change the city in the yellow box to Fountain Valley)

- SCAG has issued an objection challenging HCD's draft allocation (Attached). If successful, this may result in a revised allocation from HCD, which would presumably result in a revision to the City's share of the allocation.
- The City of Fountain Valley has provided comments to SCAG regarding the proposed methodologies and expressing support of SCAG's objection (Attached).

As the RHNA process unfolds, we will provide the GPAC with updates.



SUPPLEMENTAL REPORT

Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700, Los Angeles, California 90017
September 5, 2019

To: Community Economic & Human Development Committee
(CEHD)
Regional Council (RC)

EXECUTIVE DIRECTOR'S
APPROVAL

From: Kome Ajise, Executive Director, Executive Management, 213-
236-1835, Ajise@scag.ca.gov

Subject: SCAG OBJECTION TO HCD 6TH CYCLE REGIONAL HOUSING
NEEDS DETERMINATION

RECOMMENDED ACTION:

Authorize the Executive Director to file an Objection to HCD on regional housing need determination pursuant to Government Code Section 65584.01 (c).

STRATEGIC PLAN:

This item supports the following Strategic Plan Goal 1: Produce innovative solutions that improve the quality of life for Southern Californians. 2: Advance Southern California's policy interests and planning priorities through regional, statewide, and national engagement and advocacy.

EXECUTIVE SUMMARY:

On August 22, 2019, the state Department of Housing and Community Development (HCD) transmitted their Regional Housing Needs Assessment (RHNA) determination of 1,344,740 units for the SCAG region. This number reflects the number of housing units that local jurisdictions in the region must plan for during the period from October 2021 to October 2029 and is split across four (4) income categories. Per statute, SCAG has 30 days to file an objection with HCD. HCD's determination was issued after a consultation process during which SCAG and HCD shared data and analysis which form the basis of determining regional housing need. While SCAG staff agrees that we have a dire need for housing production in the region, ultimately, HCD's determination does not reflect SCAG's Growth Forecast, data inputs, or analysis which was developed collaboratively during the consultation process. SCAG staff recommends an objection in order to arrive at a more 'reasonable' determination of regional housing needs in keeping with the SCAG's regional planning basis and the importance of collaboration in alleviating the state's housing crisis. Staff believes the regional housing need determination should be consistent with the Regional Transportation Plan and the region's population, housing and employment projections that are the basis of our State and federal mandates for regional planning.

OUR MISSION

To foster innovative regional solutions that improve the lives of Southern Californians through inclusive collaboration, visionary planning, regional advocacy, information sharing, and promoting best practices.

OUR VISION

Southern California's Catalyst for a Brighter Future

OUR CORE VALUES

Be Open | Lead by Example | Make an Impact | Be Courageous

BACKGROUND:

On August 22, 2019, the state Department of Housing and Community Development (HCD) transmitted their Regional Housing Needs Assessment (RHNA) determination of 1,344,740 units for the SCAG region. This number reflects the number of housing units that local jurisdictions in the region must plan for during the period from October 2021 to October 2029 and is split across four income categories:

- Very Low: 350,998
- Low: 206,338
- Moderate: 225,152
- Above Moderate: 562,252

Since spring 2019, SCAG staff, under guidance from SCAG's RHNA Subcommittee, have outlined a framework to guide the development of the consultation process between SCAG and HCD which included the following goals:

- Follow the 2020 Connect SoCal RTP/SCS Integrated Growth Forecasting process, procedure, methodology, and results including local review and input
- Provide a robust analysis of housing needs in the SCAG region using the best available data and technical methodology and meet the requirements of the law
- Research the appropriate factors and causes associated with "existing housing needs"
- Develop policy responses for a long-term, robust, stable supply of sites and zoning for housing construction

Per state statute, SCAG has 30 days after receipt of the RHNA determination to accept or to file an objection. HCD would be required to make a final written determination within 45 days after receiving an objection. Specifically, per Government Code Section 65584.01(c)(2)(A) and (B):

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

(A) The department failed to base its determination on the population projection for the region established pursuant to subdivision (a), and shall identify the population projection which the council of governments believes should instead be used for the determination and explain the basis for its rationale.

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

Staff recommends an objection based on (A) and (B) above. Analysis of SCAG's proposed alternative follows, and is based on:

- Use of SCAG's population forecast
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- Use of comparable regions
- Improved vacancy rate comparison
- Additional considerations

Use of SCAG's Population Forecast

First, HCD did not base its determination on SCAG's RTP/SCS Growth Forecast, which was provided in the original consultation package and via follow-up email to HCD. Government Code 65584.01(a) indicates [emphasis added]:

*"(a) The department's determination shall be based upon population projections produced by the Department of Finance and regional population forecasts used in preparing regional transportation plans, in consultation with each council of governments. **If the total regional population forecast for the projection year, developed by the council of governments and used for the preparation of the regional transportation plan, is within a range of 1.5 percent of the total regional population forecast for the projection year by the Department of Finance, then the population forecast developed by the council of governments shall be the basis from which the department determines the existing and projected need for housing in the region.** If the difference between the total population projected by the council of governments and the total population projected for the region by the Department of Finance is greater than 1.5 percent, then the department and the council of governments shall meet to discuss variances in methodology used for population projections and seek agreement on a population projection for the region to be used as a basis for determining the existing and projected housing need for the region. If no agreement is reached, then the population projection for the region shall be the population projection for the region prepared by the Department of Finance as may be modified by the department as a result of discussions with the council of governments."*

SCAG projects total regional population to grow to 20,725,878 by October, 2029. SCAG's projection differs from Department of Finance (DOF) projection of 20,689,591, which was issued by DOF in May, 2018, by 0.18%. The total population provided in HCD's determination is 20,455,355, reflecting an updated DOF projection, differs from SCAG's projection by 1.32%. As SCAG's total projection is within the statutory tolerance of 1.5%, accordingly HCD is to use SCAG's population forecast.

While HCD has emphasized that consistency in approach to the 6th cycle RHNA across regions is a priority, deference to the Council of Governments' forecast as specified in statute is an important aspect of regional planning. Federal requirements for SCAG's Regional Transportation Plan necessitate a forecast of population, households, and employment for evaluating future land use patterns and measuring future travel demand. In addition, under SB 375, the State requires SCAG to develop a Sustainable Communities Strategy which is a coordination of transportation and land



use in the regional planning process to achieve State's climate goals. Both federal and State requirements are predicated on SCAG's forecast of population, households and employment.

As a result, SCAG has a long-established and well-respected process for producing a balanced forecast of population, households, and employment for the region, the details of which can be found in each Regional Transportation Plan (e.g. http://scagrtpscscs.net/Documents/2016/final/f2016RTPSCS_DemographicsGrowthForecast.pdf).

SCAG's quadrennial growth forecast begins with a consensus on appropriate assumptions of fertility, migration, immigration, household formation, and job growth by a panel of state and regional experts including members of DOF's Demographic Research Unit. In addition, SCAG co-hosts an annual demographic workshop with the University of Southern California to keep state and regional experts and stakeholders apprised of demographic and economic trends (<https://www.scag.ca.gov/calendar/Pages/DemographicWorkshop.aspx>).

SCAG places a high priority on generating its own forecasts of population, households, and employment and ensuring the highest possible degree of consistency and integrity of its projections for transportation, land use, and housing planning purposes.

Use of Comparable Regions

Pursuant to Government Code 65584.01(a)(2)(B), HCD's determination of housing need in the SCAG region is not a reasonable application of the methodology and assumptions described in statute. Specifically, HCD compared household overcrowding and cost-burden rates in the SCAG region to national averages rather than to rates in comparable regions as statutorily required.

SCAG's initial consultation package provided an approach using comparable regions to evaluate household overcrowding. SCAG staff met with HCD staff in-person in both Los Angeles and Sacramento to discuss adjustment criteria and how to define a comparable region to Southern California, as our region's size precludes a straightforward comparison. At the direction of HCD, SCAG staff refined its methodology for identifying comparable regions and provided a state-of-the-practice analysis supported by recent demographic and economic literature which determined that the most appropriate comparison to the SCAG region would be an evaluation against the San Jose, New York, San Francisco, Miami, Seattle, Chicago, San Diego, Washington D.C., Houston, and Dallas metropolitan areas. Despite this collaboration on the subject between HCD and SCAG, HCD elected to reject this approach and instead used national average statistics, which include small metropolitan areas and rural areas having little in common with Southern California.

HCD's choice to use national averages:

- Is inconsistent with the statutory language of SB 828, which added the comparable region standard to RHNA law in order to improve the technical robustness of measures of housing need.
- Is inconsistent with empirical data as economic and demographic characteristics differ dramatically based on regional size and context. For comparison, the median-sized metropolitan region in the country is Fargo, North Dakota with a population of 207,500. That is not a meaningful basis of comparison for the nation's largest MPO.
- Is inconsistent with HCD's own internal practice for the 6th cycle of RHNA. The regional need determination for the Sacramento Area Council of Governments (SACOG), issued on July 18, 2019, was the first 6th cycle RHNA determination following SB 828's inclusion of the comparable region standard.
- During their consultation process with HCD, SACOG also produced a robust technical analysis to identify comparable regions for the purposes of using overcrowding and cost-burden statistics to determine regional housing needs. However, HCD's final determination for SACOG used this analysis while the SCAG region was held to a different and less reasonable standard.

Improved Vacancy Rate Comparison

Thirdly, HCD uses unrealistic comparison points to evaluate healthy market vacancy, which is also an unreasonable application of the methodology and assumptions described in statute. While SB 828 specifies a vacancy rate for a healthy rental housing market as no less than 5 percent, healthy market vacancy rates for for-sale housing are not specified. HCD's practice is to compare actual, ACS vacancy rates for the region versus a 5 percent total vacancy rate (i.e. owner and renter markets combined).

During the consultation process, SCAG discussed this matter with HCD staff and provided several points of comparison including historical data, planning standards, and comparisons with other regions. In addition, SCAG staff illustrated that given tenure shares in the SCAG region, HCD's suggestion of a 5 percent total vacancy rate is mathematically equivalent to an 8 percent rental market vacancy rate plus a 2.25 percent for-sale housing vacancy rate. However, in major metropolitan regions, vacancy rates this high are rarely experienced outside of severe economic recessions such as the recent, housing market-driven Great Recession. Given the region's current

housing shortage, the high volume of vacant units envisioned in HCD's planning target would be rapidly absorbed, making it an unrealistic standard.

SCAG staff's original suggestion of 5 percent rental vacancy and 1.5 percent for-sale vacancy (resulting in a 3.17 percent total vacancy rate based on current tenure shares) is in fact *higher* than the observed rate in the comparable regions defined above. It is also above Federal Housing Authority standards for regions experiencing slow or moderate population growth. It is also above the very liberal standard of 6 percent for for-rent housing and 2 percent for for-sale housing suggested by the California Office of Planning and Research (equivalent to 3.90 percent total vacancy based on SCAG tenure shares) which would also be a more reasonable application of the methodology.¹

Additional Considerations

In addition to the three key points above, SCAG's proposed alternative includes several other corrections to technical shortcomings in HCD's analysis of regional housing needs.

1. HCD's evaluation of replacement need is based on an arbitrary internal standard of 0.5 percent to 5.0 percent of total housing units. 2010-2019 demolition data provided by DOF suggest that over an 8.25-year period, it is reasonable to expect that 0.14 percent of the region's total housing units will be demolished, but not replaced. This would form the basis of a more reasonable housing needs determination, as DOF's survey represents the most comprehensive and robust data available.
2. Anticipated household growth on tribal land was not excluded from the regional determination as indicated in the consultation package and follow-up communications. Tribal entities within the SCAG region have repeatedly requested that this estimate be excluded from the RHNA process entirely since as sovereign nations, state law does not apply. SCAG's proposed approach is to subtract estimates of household growth on tribal land from the regional determination and ensure that these figures are also excluded from local jurisdictions' annual progress reports (APRs) of new unit construction to HCD during the 6th cycle.
3. A refinement to the adjustment for cost burden would yield a more reasonable determination of regional housing needs. SCAG has repeatedly emphasized the shortcomings of and overlap across various ACS-based measures of housing need. Furthermore, the relationship between new unit construction and cost burden is poorly understood (i.e., what will be the impact of new units on cost, and by extension, cost-burden). Nonetheless, SCAG recognizes that the region's cost burden exceeds that of comparable regions and proposes one modification to

¹ See Nelson, AC. (2004), *Planner's Estimating Guide Projecting Land-Use and Facility Needs*. Planners Press, American Planning Association, Chicago. P. 25.



HCD's methodology, which currently considers cost burden separately by lower and higher income categories.

While housing security is dependent on income, it is also heavily dependent on tenure. While spending above 30 percent of gross income on housing for renters can reflect true housing insecurity, spending above this threshold for owners is substantially less problematic. This is particularly true for higher income homeowners, who generally benefit from housing shortages as it results in home value appreciation. Thus, a more reasonable application of cost burden statistics would exclude cost-burden experienced by moderate and above-moderate owner households and instead make an adjustment based on three of the four income and tenure combinations: lower-income renters, higher-income renters, and lower-income owners.

4. From our review, HCD's data and use of data is not current. In large metropolitan regions, there is no reasonable basis for using 5-year ACS data, which reflects average conditions from 2013 to 2017. For cost-burden adjustments, HCD relies on 2011-2015 CHAS data. By the beginning of the 6th cycle of RHNA, some of the social conditions upon which the determination is based will be eight years old.

During the consultation process, SCAG staff provided HCD with Excel-version data of all inputs needed to replicate their methodology using ACS 2017 1-year data (the most recent available); however, this was not used. The Census bureau is scheduled to release ACS 2018 1-year data on September 26, 2019. SCAG staff would support replicating the same analysis, but substituting 2018 data when it becomes available in order to ensure the most accurate estimates in planning for the region's future.

Summary

Overall, HCD did not use the appropriate population forecasts for their determination of the SCAG region's housing needs and did not conduct a reasonable application of the methodology and assumptions pursuant to statute. While SCAG staff provided substantial data and technical assistance during the consultation process, these efforts were not reflected in HCD's final determination of housing needs.

SCAG's alternative proposed determination provides a more reasonable, current, balanced, and technically robust application of HCD's stated approach toward determining housing needs. It reflects the collaborative efforts of HCD, SCAG, and the local jurisdictions who reviewed SCAG's Growth Forecast. It includes elements of SCAG's original consultation package to HCD as well as updates based on improved analysis, a thoughtful understanding of the state and region's current housing priorities, and more accurately applies the intent of the statute. Depending on the manner and extent to which the above-referenced improvements are made to the regional determination,



SCAG's alternative proposed 6th cycle RHNA determination for purposes of an objection to HCD would range between 821,000 and 924,000 housing units.

It is in this collaborative spirit which SCAG proposes this alternative determination in order to provide as robust and reasonable a planning target as possible in order to affirmatively address the substantial challenge of meeting regional, and therefore state housing needs. Furthermore, SCAG is fully committed to leading on solving our current housing crisis, and therefore setting up to work with our local jurisdictions on activities and policies that will lead to actual housing unit construction. SCAG's alternative proposed 6th Cycle RHNA determination will require an annual housing production of 102,625 to 115,500 units which is in excess of current total statewide rate. We will require very creative policy shifts and resources to assist our local jurisdictions to enable such a level of production across our region.

Based on the above, staff recommends that the Regional Council authorize SCAG's Executive Director to file an objection to HCD on the Regional Need Determination pursuant to Government Code Section 65584.01 Section (c)(2)(A) and (B).

FISCAL IMPACT:

Work associated with this item is included in the current FY 19-20 General Fund Budget (800.0160.03: RHNA).

ATTACHMENT(S):

1. 6thCycleRHNA_SCAGDetermination_08222019
 2. PowerPoint Presentation: SCAG Opportunity for Response
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September 5, 2019

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

Subject: 6th Cycle Regional Housing Needs Assessment (RHNA) Proposed Allocation Methodology

Honorable Chair Huang and Committee Members:

The City of Fountain Valley appreciates the opportunity to provide input to the Southern California Association of Governments (SCAG) regarding which proposed RHNA Allocation Methodology would most effectively, and fairly, determine each jurisdiction's share of the projected 6th Cycle RHNA allocation.

First, the City of Fountain Valley has continued to do its part in helping with the challenge of affordable housing. During the 5th RHNA cycle, the City of Fountain Valley has issued building permits for approximately 198 housing units. In addition, on June 12, 2019, the City approved a 50-unit affordable housing project, which the City has been diligently working on since 2015 and involved \$8.2 million in low-interest loans from the Housing Authority's Low-Moderate Income Housing Asset Fund to acquire the site and help fund development.

Second, the City commends SCAG and fully supports the objection to the Department of Housing and Community Development's (HCD) 6th cycle regional housing need determination of 1,344,740 units. The rationale behind the objection coincides with Fountain Valley's objective to maintain local control and to collaborate on regional issues. As is correctly noted in the objection letter, numerous long-standing and rigorously developed regional collaboration efforts, such as the Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS) in response to federal and state requirements, would be ignored and jeopardized by HCD's regional determination. The City also supports SCAG's alternative 6th cycle regional housing need determination of 924,000 units.

After careful study of the three methodology options, the City of Fountain Valley provides the following recommendations, which are summarized below with a greater level of detail in the

analysis section that follows.

SUMMARY RECOMMENDATIONS

1. Select Option 3, which is based upon local input, is consistent with state law, and is holistic.
2. Adhere to the recommendations of the Orange County Council of Government (OCCOG) letter dated August 22, 2019, (Attached) except as noted in items #3 and #4 below.
3. Do not utilize the proposed High Quality Transit Area Allocation (HQTA) methodology. There is no link between the placement of units and transit proximity and it does not result in efficient land use patterns.
4. Do not use Regional Building Permit Activity as a factor for allocating units as its base assumption is unfounded and unnecessarily punitive.
5. Use local input as the floor for any RHNA allocation of projected need.

ANALYSIS

1. Select Option 3 based on local input.

Failing to utilize local input in the RHNA methodology would be contrary to state housing law. Government Code Section 65584.04(e) 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.”

In addition, this methodology is born out of years of detailed coordination efforts that take a holistic approach to regional growth. As detailed in the OCCOG RHNA Methodology Comment letter dated August 22, 2019 (Attached), *“We support the bottoms-up approach SCAG used to derive local input over a 1.5-year long process in which SCAG solicited input from all 197 local jurisdictions on population, housing and employment for 2016-2045; parcel level General Plan land uses, existing 2016 land uses, and zoning; and the extensive surveys collecting information on policies and best practices incorporated into local planning. This information is also utilized by the local transportation commissions in their planning and programming of major transportation and infrastructure projects and SCAG in its regional planning. By utilizing local input, the Regional Transportation Plan/Sustainable Communities Strategy, known as Connect SoCal, integrates transportation and land use planning.”*

2. Adhere to the recommendations of the OCCOG letter dated August 22, 2019 (Attached), except as noted below in items #3 and #4.

Consistent with the theme of regional collaboration, OCCOG’s RHNA Methodology Letter was crafted by and largely expresses the opinions of cities in this area. Fountain Valley differs slightly from OCCOG as noted below in items #3 and #4.

3. Do not utilize the proposed HQTA methodology as a factor for allocating units.

The assumption that the proposed HQTAs methodology as a means of distributing the RHNA allocation results in a more transit-efficient land use pattern is incorrect. There is no requirement that any units allocated by this methodology be located in a HQTAs. In short, there is no link between the ultimate placement of units and transit proximity. Units assigned by this methodology may be located anywhere within the jurisdiction as long as the chosen sites meet state requirements. In the end, units may be located miles away from transit. Unless there is a requirement that units allocated through the proposed methodology be located within a HQTAs, there is no correlation to efficient land use patterns or transit and the proposed methodology is simply a way to assign more units to one jurisdiction over another.

In addition, there is no acknowledgement that land within a HQTAs is available for development or has not already been built-out with an efficient and higher-density housing product. Lacking a connection to the physical realities of the HQTAs, the methodology ignores standard land use practice, does not acknowledge efforts communities have taken to achieve efficient land use patterns, and, as noted above, does not result in efficient land use patterns.

If efficient land use patterns and transit proximity are a desired goal, SCAG should pursue a strategy similar to the Association of Bay Area Governments (ABAG) where units are allocated in Priority Development Areas, which were identified – in advance – by each jurisdiction. Lacking this type of nuanced and thoughtful approach that actually links units to the actual proximity to transit, SCAG is not fulfilling the mandate to encourage efficient land use patterns.

To that end, the City would like SCAG to acknowledge that Option 3, which is based on local input, already factors in the proximity of units to transit and achieves land use efficiencies. Each city's general plans and zoning plans strive to create land use efficiencies and locate higher densities along its corridors and near job centers where. This is standard land use practice. As an example from our small community, please see the Crossing Specific Plan that was adopted in 2018 and allows 491 units where previously there were none for the purpose of creating the type of efficient land use patterns SCAG seeks and which needed no "encouragement" from SCAG.

At a minimum, SCAG should follow the guidance provided by OCCOG and *"align the criteria for RHNA allocations at major transit stops with the definition of a HQTAs in the Affordable Housing and Sustainable Communities Program Round 4 FY 2017-2018 Program Guidelines to both avoid overlapping terms/definitions and to better provide potential funding by ensuring HQTAs are within already-defined areas."*

4. Do not use Regional Building Permit Activity as a factor for allocating units.

One cannot compare the building permit activity between communities and draw a meaningful conclusion. There is no basis to the assumption built into this methodology that building permits are issued at a standard per-person rate.

This proposed methodology compares apples to oranges and ignores the physical and market realities among communities. In essence, the proposed methodology creates a comparison between the building activities in the City of Irvine, which is 66 square miles and contains a former military base that is in the midst of developing thousands of units, to a city like Fountain Valley, which is nine square miles and has been built-out for decades. Cities with more developable area will issue more building permits.

Similarly, there is no basis to the assumption that a certain number of building permits for new units are issued on a standard per-person rate. This metric has been made up, ignores physical and market realities, and implies that cities below the regional average are somehow “deficient” in issuing permits. Setting aside the implied insult contained in this methodology, please consider that this methodology could mean that a small jurisdiction, like Fountain Valley, which approved every building permit for a new unit and ADU submitted, could be penalized because it was below a fictitious regional average rate of permitting.

5. Use local input as the floor for any RHNA allocation of projected need.

As detailed in the attached OCCOG letter dated August 22, 2019, “each jurisdiction submitted projected housing development numbers to SCAG as part of the Connect SoCal process, which is linked with the RHNA process. The selected RHNA methodology therefore should ensure that any number assigned to a jurisdiction captures, at minimum, the number of units a jurisdiction identified through the local input process. For example, if a jurisdiction projected it would build 8,000 units, but the selected RHNA methodology only gives that jurisdiction 5,000 units, there should be an adjustment to provide that missing 3,000 units to the jurisdiction, rather than distribute the 3,000 to other jurisdictions. This respects local input, and ensures equity for other jurisdictions not to be overburdened.”

We appreciate the extensive efforts of the SCAG Subcommittee and SCAG Staff in developing the three RHNA methodologies and look forward to the selection of a responsible, reasonable methodology that distributes the RHNA in a thoughtful manner to each jurisdiction. There is no easy answer to the housing crisis and choosing an equitable method is a difficult task, particularly when each jurisdiction is unique with its own different and distinctive housing needs.

Sincerely,

Steve Nagel
Mayor
City of Fountain Valley



ORANGE COUNTY COUNCIL OF GOVERNMENTS

August 22, 2019

Subject: RHNA Methodology Comment Letter

Summary: SCAG opened a public comment period August 1, 2019 as part of the selection of the Regional Housing Needs Assessment (RHNA) Cycle 6 methodology. Three Options were released for public review and comment by September 3, 2019. SCAG subsequently extended the comment period to September 13, 2019. Further, SCAG has indicated that the final methodology could be a hybrid of the three proposed methodologies or an entirely new methodology based on public comments.

Background: OCCOG has been actively engaged throughout the 6th RHNA cycle to ensure that our member jurisdictions, who will be held responsible for producing housing elements for approval and certification by the Department of Housing and Community Development (HCD) are well represented. Our activities have included: communicating extensively with the technical staff of our members via the monthly technical Advisory Committee (TAC) meetings, where the RHNA has been thoroughly discussed for the past several months. OCCOG staff has participated in all RHNA subcommittee meetings to date. OCCOG staff and TAC members have had extensive in-person, email, and phone interactions with SCAG staff. The OCCOG Board has previously directed staff to submit a comment letter to SCAG to share our thoughts on selection of the regional determination as part of the consultation package SCAG sent to HCD.

Understanding that many elected officials and staff may not have been through a previous RHNA cycle, and that even those who had could use a refresher since much has changed this cycle, OCCOG partnered with the Center for Demographic Research (CDR) to provide RHNA Workshops. At the urging of OCCOG and other sub-regional directors, SCAG also held a RHNA 101 Webinar to help educate the public about the process.

As part of the RHNA process, SCAG is required to hold a public comment period on a methodology. SCAG has opted to provide multiple methodologies for consideration by the public for an extended 45-day comment period. In response to a request from OCCOG Director Bucknum, SCAG staff worked with the OCCOG to identify a location and time to hold a public hearing in Orange County. This meeting will be held Thursday August 22, 2019 from 1-3 PM at Irvine City Hall following the OCCOG Board of Directors meeting.

An outgrowth of our active involvement has been close coordination among OCCOG staff and our TAC leadership and advisors to develop a strategy for commenting on the draft methodologies that have been released by SCAG for consideration. Because of the requirement that any selected RHNA methodology must be applied to all jurisdictions within the region, and the diverse nature of the SCAG region, OCCOG is focusing our comments on policy-level items. CDR has focused its comments on the technical aspects of each proposed option from a data consistency and accuracy standpoint. And we have encouraged our jurisdictions to use the estimator tool provided by SCAG, again in response to a request from Orange County, to identify how each methodology is likely to impact them and comment accordingly.

The attached draft letter elucidates OCCOG's position on the following ten (10) points:

1. OCCOG believes local input should underpin the selected RHNA methodology allocation option
2. OCCOG supports using local input as the floor for any RHNA allocation of projected need
3. SCAG should allow time for review of new factors or methodologies
4. Adopt a RHNA methodology only after HCD provides the regional determination number.
5. Consider an alternate definition of HQTAs for RHNA purposes
6. OCCOG opposes the reallocation of the "Above Moderate" category housing
7. Utilize share of growth for household population not total population
8. Remove land areas not compatible with residential uses from density calculation
9. Allow for vetting and corrections to CIRB units permitted data
10. OCCOG supports the technical comments provided by The Center for Demographic Research

Recommendation: Direct Executive Director Primmer to send the comment letter to SCAG as presented or amended.

Attachments:

- A. Letter from OCCOG to SCAG regarding proposed RHNA methodologies.
- B. Letter from CDR to SCAG regarding proposed RHNA methodologies.

Staff Contact: Marnie O'Brien Primmer, OCCOG Executive Director 949-698-2856



Orange County Council of Governments

August 22, 2019

Kome Ajise
 Executive Director
 Southern California Association of Governments
 900 Wilshire Blvd., Suite 1700
 Los Angeles, CA 90017
 SENT VIA EMAIL: housing@scag.ca.gov

SUBJECT: PROPOSED REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) ALLOCATION METHODOLOGY

Dear Mr. Ajise:

On behalf of the Orange County Council of Governments (OCCOG), I extend our thanks for the Southern California Association of Government's decision to release multiple methodologies for consideration by the public as part of the 2020 Regional Housing Needs Assessment (RHNA) cycle.

OCCOG is comprised of 34 diverse local jurisdictions, much like the region overall, and we understand that no one methodology will provide optimal results for all. Thus, we seek to work with SCAG to develop an allocation methodology that is equitable, addresses the requirements of RHNA, and results in our member jurisdictions being able to have their housing elements certified by the Department of Housing and Community Development (HCD) within the timeframe required by law. A methodology that does not respect local input, fails to understand the constraints imposed on local jurisdictions in this RHNA cycle for siting new housing, or results in a RHNA allocation that is unattainable by jurisdictions, jeopardizes our region's ability to address the housing crisis head on.

We therefore respectfully submit these comments, with the intent to surface issues and unintended consequences from a local jurisdiction perspective, that SCAG may not be aware of, with the methodologies as currently proposed.

1. OCCOG believes local input should underpin the selected RHNA methodology allocation option

Local input has always been a foundational component of SCAG's RHNA planning process, and for good reason. Local input provides a real-world perspective of local housing opportunities and constraints at an individual, jurisdiction level; a perspective that is not present in a one-size-fits-all proposed RHNA allocation factor, such as a jurisdiction's share of the regional population. Local input provides the backbone, linking the RHNA to the RTP/SCS by supporting the Sustainable Communities Strategy in identifying areas within the region sufficient to house an eight-year projection of the regional housing need, as called forth with the adoption of SB 375.

We support the bottoms-up approach SCAG used to derive local input over a 1.5-year long process in which SCAG solicited input from all 197 local jurisdictions on population, housing and employment for 2016-2045; parcel level General Plan land uses, existing 2016 land uses, and zoning; and the extensive surveys collecting information on policies and best



practices incorporated into local planning. This information is also utilized by the local transportation commissions in their planning and programming of major transportation and infrastructure projects and SCAG in its regional planning. By utilizing local input, the Regional Transportation Plan/Sustainable Communities Strategy, known as Connect SoCal, integrates transportation and land use planning.

2. OCCOG supports using local input as the floor for any RHNA allocation of projected need

Each jurisdiction submitted projected housing development numbers to SCAG as part of the Connect SoCal process, which is linked with the RHNA process. The selected RHNA methodology therefore should ensure that any number assigned to a jurisdiction captures, at minimum, the number of units a jurisdiction identified through the local input process. For example, if a jurisdiction projected it would build 8,000 units, but the selected RHNA methodology only gives that jurisdiction 5,000 units, there should be an adjustment to provide that missing 3,000 units to the jurisdiction, rather than distribute the 3,000 to other jurisdictions. This respects local input, and ensures equity for other jurisdictions not to be overburdened.

3. SCAG should allow time for review of new factors or methodologies

While OCCOG appreciates the expanded public comment period for the methodology, SCAG has made it clear that the recommended methodology could be a combination of the proposed, or an entirely new methodology that is developed from public comments received. For any new factors or methodologies that are introduced as potential inputs or approaches for disaggregating the regional determination to jurisdictions, as a result of the public comment period ending September 13, 2019, we respectfully request adequate time, of no less than one week, be allocated to assess these new inputs and methods prior to any SCAG committee selecting a preferred methodology. This will ensure that SCAG member jurisdictions and other stakeholders have the ability to review the new methodology and provide input to SCAG that can help ascertain optimal outcomes and avoid technical flaws.

4. Adopt a RHNA methodology only after HCD provides the regional determination number.

Adopting a methodology prior to receipt of a regional determination would not allow the jurisdictions, SCAG, and the public to properly assess potential disparate and unintended effects on jurisdictions and those they serve throughout the region.

5. Align the definition of HQTAs with Cap and Trade for RHNA purposes

Page 7, Option 1 Step 1b: Share of Regional HQTA Population:

OCCOG supports improving the linkage between new, higher density housing and frequent, reliable transit service, and affirm this could also help the region in meeting mobility and air quality goals. However, we recognize that how the new housing numbers and associated income distribution is allocated to jurisdictions could raise concerns regarding the potential



over-concentration of particular income groups and/or the potential to displace existing residents. Additionally, HQTAs are not evenly distributed across the region.

Given the significant repercussions for cities and counties to site the units allocated, it is important that the process results in a distribution that is achievable. Thus, an allocation approach that emphasizes the factors that are critical for agencies being able to achieve (“build”) the allocated housing units should be heavily-weighted in one or more of the alternatives—and hopefully in the selected approach.

OCCOG therefore encourages SCAG to align the criteria for RHNA allocations at major transit stops with the definition of a HQTA in the Affordable Housing and Sustainable Communities Program Round 4 FY 2017-2018 Program Guidelines to both avoid overlapping terms/definitions and to better provide potential funding by ensuring HQTA’s are within already-defined areas.

“High Quality Transit” means a Qualifying Transit line with high frequencies AND permanent infrastructure as follows: (1) Frequency: High Quality Transit must have Peak Period headway frequency of every 15 minutes or less and service seven days a week. (2) Permanent Infrastructure: High Quality Transit must operate on a railway or be transit service with Bus Rapid Transit features that either fully or partially operate on a dedicated bus-only lane, or uses High Occupancy Vehicle (HOV) or High Occupancy Toll (HOT) lanes.

5. OCCOG opposes the reallocation of the “Above Moderate” category housing

Page 8, Option 1 Step 1d: Social Equity Adjustment for Existing Need:

OCCOG opposes the elimination of and redistribution of the Above Moderate category described in Option 1. Above Moderate units are the only housing type as a whole category that can be built without some form of subsidy, tax break or incentive provided to the builder. Without redevelopment funding and other financial tools in place, providing the needed subsidies has become ever more challenging for jurisdictions, even as we all face the challenge to build more housing at every socio-economic level to meet the needs of our communities. Jurisdictions must be able to find adequate sites for their allocated housing units in their housing element in order for it to be certified by HCD. Without a certified housing element, fines and other penalties can accrue to a jurisdiction, which then further reduces a jurisdiction’s available resources to provide funding for very low- and low-income housing.

Our analysis of reassigning the Above Moderate units to the three lower-income categories, as proposed in Option 1, shows that it in fact further burdens those jurisdictions that are already impacted and have higher shares of lower-income units. In addition, by using the relative share of lower income categories, this further exacerbates those jurisdictions that already have higher concentrations of very-low income units and those that are already receiving higher allocations of lower-income units due to the social equity adjustments.



6. Utilize share of growth for household population not total population

Page 16 Option 3.

Per statute, once the region's growth forecast for total population is established, the population living in group quarters is removed from the subsequent calculations to establish the total regional housing need. Option 3 describes the use of the share of total population growth to allocate housing need. By definition, households are those housing units that are occupied by people and that population is called "household population". Group quarters population, by definition, are those people not living in households, i.e., those sheltered in facilities and structures that are not defined as housing units. Since the RHNA calculations are based off household population, if Option 3, or any other methodology that is selected utilizes the share of population growth, this should be changed to the share of household population growth. Another suggestion is to use the share of household growth instead of the share of total or household population growth.

7. Remove land areas not compatible with residential uses from density calculation

Page 54 of Technical Appendix Table: Share of 2019 Population in 2016 HQTAs.

This table contains a calculation showing 'Density (Population per acre)' which is defined as "Acre size and density calculation is for total area within jurisdictional boundaries". Though density is not currently used as an input into any of the current methodologies and OCCOG is not supporting the use of density as an input, if SCAG ultimately incorporates density into the selected methodology, some land uses should be removed from the total area within the jurisdiction so the density calculation properly reflects population density in developable/useable areas. For example, areas and land uses that are permanently protected open space, such as Cleveland National Forest; military bases; flood channels; local parks and HOA open space; and other lands unsuitable or unavailable for residential uses, should not be included in the area denominator.

8. Allow for vetting and corrections to CIRB units permitted data

Page 59 of Technical Appendix Table: Number of Residential Units Permitted, Construction Industry Research Board (CIRB) and SCAG Local Profiles.

The CIRB data used in Option 1 has not been vetted by all jurisdictions for accuracy. Though the information is reported to have also been contained in the SCAG Local Profiles, the charts displayed in the Local Profiles only report every other year's data. If the CIRB data is to be utilized, any corrections or amendments submitted to SCAG and/or CIRB should be incorporated into the RHNA Technical Data Appendix and RHNA calculations.

9. OCCOG supports the technical comments provided by The Center for Demographic Research.

OCCOG works closely with the Center for Demographic Research at California State University, Fullerton (CDR). CDR has provided detailed comments for SCAG's use in



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strengthening all three proposed methodologies. OCCOG stands behind the comments issued by CDR in the spirit of making the methodologies as accurate and flawless as possible before adoption.

Once again, OCCOG thanks you and the SCAG team for the partnership in developing an equitable RHNA methodology for our region that will lead to certified housing elements and ultimately to more housing options for Southern Californians. We stand ready to support you during the evaluation period and look forward to working together throughout the remainder of the 2020 RHNA cycle.

Sincerely,

Marnie O. Primmer
Executive Director
Orange County Council of Governments

Table 1. Comments on Proposed RHNA Allocation Methodologies & Data Appendix Tables

Topic & Page Reference	Question/Comment																																																																	
All	<ol style="list-style-type: none"> 1. Provide a tracked changes document based on the changes made since publication of the documents for the public comment period. 2. Please see Attachment 3 for a redline version of the Proposed RHNA Allocation Methodology pages 1-53 for text corrections, clarifications and suggestions. 																																																																	
Page 8, Option 1, Step 1d	<ol style="list-style-type: none"> 3. Redistribution of Existing Need Above Moderate units is not consistent with the 6th cycle methodology of assigning total regional need to regions throughout the state. <p>On page 8 of the Proposed RHNA Allocation Methodology, Step 1d discusses the redistribution of the Above Moderate housing units for existing need to the three lower-income categories. Using SCAG's RHNA calculator, with a sample regional allocation of 659,144 units, Option 1 redistributes approximately 63,807 Above Moderate units into the three lower-income categories across the region, about 9.7% of the sample regional allocation total and 42.4% of the existing need total of 150,589. As seen in Table A below, lines 1, 2, and 8 show the differences in the percent shares by income category before and after the proposed redistribution of the Above Moderate units. This makes it impossible to match the allocations and percent shares by income category provided by HCD unless HCD factors the redistribution into its regional determination for SCAG before a decision on a methodology is made by the RHNA subcommittee, CEHD or Regional Council .</p> <p>Table A: Differences in Methods for Redistribution of Existing Need Above Moderate Income Category</p> <table border="1"> <thead> <tr> <th></th> <th>Very Low Income</th> <th>Low Income</th> <th>Moderate Income</th> <th>Above Moderate Income</th> </tr> </thead> <tbody> <tr> <td colspan="5">Proportional Share:</td> </tr> <tr> <td>1 Option 1 original 110% social equity adjustment</td> <td>25.4%</td> <td>15.5%</td> <td>16.8%</td> <td>42.4%</td> </tr> <tr> <td>2 Option 1 after redistribution of above moderate units (proportional share)</td> <td>44.1%</td> <td>26.9%</td> <td>29.1%</td> <td>0.0%</td> </tr> <tr> <td>3 Difference: Redistributed – original 110%</td> <td>+18.7%</td> <td>+11.4%</td> <td>+12.3%</td> <td>-42.4%</td> </tr> <tr> <td colspan="5">Equal Share:</td> </tr> <tr> <td>7 Option 1 original 110% social equity adjustment</td> <td>25.4%</td> <td>15.5%</td> <td>16.8%</td> <td>42.4%</td> </tr> <tr> <td>8 Option 1 after redistribution of above moderate units (using equal share)</td> <td>39.5%</td> <td>29.6%</td> <td>30.9%</td> <td>0.0%</td> </tr> <tr> <td>9 Difference: Redistributed – original 110%</td> <td>+14.1%</td> <td>+14.1%</td> <td>+14.1%</td> <td>-42.4%</td> </tr> <tr> <td colspan="5">Units</td> </tr> <tr> <td>10 Option 1 original 110% social equity adjustment</td> <td>38,242</td> <td>23,311</td> <td>25,229</td> <td>63,807</td> </tr> <tr> <td>11 Option 1 after redistribution of above moderate units (using equal share)</td> <td>59,533</td> <td>40,437</td> <td>43,771</td> <td>0</td> </tr> <tr> <td>12 Difference: Redistributed –original 110%</td> <td>+21,291</td> <td>+17,126</td> <td>+18,542</td> <td>-63,807</td> </tr> </tbody> </table> <p>In order to utilize this redistribution methodology, HCD would have to be informed of the proposed redistribution methodology, accept the idea of redistribution, and provide either a range for each of the income categories in numbers and percent shares for the SCAG total regional allocation or pre-determine the social equity adjustments and pre-calculate the redistribution of the Above Moderate category to provide specific regional numbers and shares. To date, HCD has provided specific numbers and percent shares for each of the four income categories for each the 11 agencies it has already provided total regional allocations to for the</p>		Very Low Income	Low Income	Moderate Income	Above Moderate Income	Proportional Share:					1 Option 1 original 110% social equity adjustment	25.4%	15.5%	16.8%	42.4%	2 Option 1 after redistribution of above moderate units (proportional share)	44.1%	26.9%	29.1%	0.0%	3 Difference: Redistributed – original 110%	+18.7%	+11.4%	+12.3%	-42.4%	Equal Share:					7 Option 1 original 110% social equity adjustment	25.4%	15.5%	16.8%	42.4%	8 Option 1 after redistribution of above moderate units (using equal share)	39.5%	29.6%	30.9%	0.0%	9 Difference: Redistributed – original 110%	+14.1%	+14.1%	+14.1%	-42.4%	Units					10 Option 1 original 110% social equity adjustment	38,242	23,311	25,229	63,807	11 Option 1 after redistribution of above moderate units (using equal share)	59,533	40,437	43,771	0	12 Difference: Redistributed –original 110%	+21,291	+17,126	+18,542	-63,807
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	<p>6th RHNA cycle (http://www.hcd.ca.gov/community-development/housing-element/index.shtml).</p> <p>Providing SCAG income category ranges would be inconsistent with the methodology and regional assignments for the 11 regions in the state that have already received their regional allocations from HCD for the 6th cycle. Using either of the two methods described above, regional ranges or specific numbers and percentages that include redistribution of the Above Moderate units, could also set a precedent for the nine subsequent regions still waiting for their 6th cycle allocations and future RHNA cycles for all 21 regions.</p> <p>4. Redistributing the Above Moderate units to the three lower-income categories further increases the burden of those jurisdictions that are already impacted and have higher shares of lower-income units by assigning more units into the three lower-income categories.</p> <p>Using the relative share of the lower income categories to redistribute the Above Moderate units increases the burden for those jurisdictions that currently have higher concentrations of lower-income units. Lines 3 and 6 in Table A above show that an additional 28,000 very low and 17,000 low income units would be redistributed throughout the region. This includes those jurisdictions that are already impacted, lower-income communities.</p> <p>If redistribution of the Above Moderate units is decided to be done by SCAG’s elected officials and committees, at the very least to attempt to lessen the effect of further impacting local jurisdictions, <u>apply an equal share to each of the three categories</u> to lessen the impact on those jurisdictions that already have higher concentrations of lower-income housing. Lines 3 and 9 in Table A above show that the impact to those jurisdictions already burdened would be lessened by using an equal share to redistribute the Above Moderate units if the SCAG elected officials choose to do so. For example, if the Above Moderate total is 60 units and needs to be redistributed to the three lower-income categories, divide 60 by 3 = 20 and assign 20 units to each of the three lower-income categories.</p>
Page 8, paragraph 3	<p>5. “For example, in Los Angeles County 63 percent of all households live within an HQT, with 72 percent of the County’s very low income households living within an HQT while only 56 percent of above moderate income households do.” --- Please add a table showing all shares for all counties for all data points listed in paragraph.</p>
Page 20, paragraph 2	<p>6. “At the jurisdictional level, between 2012 and 2017 the jobs...” --- Please explain in the report why this specific time increment reported.</p>
Page 28, paragraph 2	<p>7. “The AFFH survey accompanied the required local planning factor survey and that was sent to all SCAG jurisdictions in mid-March 2019 with a posted due date of May 30, 2019” --- Wasn’t the initial deadline for input April 30?</p>
Page 32, Jobs Housing Fit paragraph 1	<p>8. “...enough affordable housing in high resources areas.” --- Please provide the definition of ‘high resource areas’ in the methodology document.</p>
Page 37, Step 1b	<p>9. “The 20 percent of the regional existing housing need will be distributed based on a jurisdiction’s share of 2016 regional population within an existing (2016) HQT.” --- Please clarify if the 2019 DOF population was developed at the SCAG TAZ level and is being used or if the RTP TAZ/local input data for year 2016 was used.</p>
Page 43, Step 2a	<p>10. “...the share of regional household growth for the jurisdictions, <u>e.g., for years 2020-2030</u>, is calculated and applied to the RHNA regional household growth” --- Is this share of growth prorated to 2021-2029? If so, add text from Option 3.</p>
All tables in RHNA Technical Appendix	<p>11. Add table ID numbers to each table. 12. Add in pagination for each table, e.g. 1 of 5.</p>

Topic & Page Reference	Question/Comment
Share of 2019 Population in 2016 HQTAs, 54-58	13. Add note that says “HQTAs may include permanently protected open space identified by state and/or federal agencies.”
Number of Residential Units Permitted, CIRB and SCAG Local Profiles, 59-82	14. Why is SCAG looking at only the last two cycles of RHNA for permit activity? Why not go further back if it is to address the existing need/backlog? 15. Show calculations for how permits per 1,000 pop are calculated.
Social Equity Adjustments Existing/110%/150%, 88-93	16. Add formula page to show how 110% and 150% social equity adjustments are calculated.
Projected Household Growth- Local Input for Connect SoCal 99-103	17. “Source: Local Input from SCAG jurisdictions for Connect SoCal/2020 RTP/SCS, ~October 2019 2018”
Local Population and Household Growth 2020-2045, Connect SoCal 110-113	18. “Source: Local Input from SCAG jurisdictions for Connect SoCal/2020 RTP/SCS, ~October 2019 2018”
Vacant Units by Tenure and Type, American Community Survey 2013-2017 5-year Estimates 114-117 Options 1 & 3	<p>19. If SCAG chooses to use the strict U.S. Census Bureau definitions for renter and owner vacancy rates (defined below), for the most accurate data possible, SCAG should use the raw, unrounded data from tables DP04 and B25004 to calculate the tenured (owner & renter) vacancy rates by jurisdiction for use in the healthy market vacancy rate adjustments.</p> <p>U.S. Census Bureau defines the following: https://www2.census.gov/programs-surveys/acs/tech_docs/subject_definitions/2017_ACSSubjectDefinitions.pdf? <u>Homeowner Vacancy Rate</u> – The homeowner vacancy rate is the proportion of the homeowner inventory that is vacant “for sale.” It is computed by dividing the number of vacant units “for sale only” by the sum of the owner-occupied units, vacant units that are “for sale only,” and vacant units that have been sold but not yet occupied, and then multiplying by 100. This measure is rounded to the nearest tenth.</p> <p><u>Rental Vacancy Rate</u> – The rental vacancy rate is the proportion of the rental inventory that is vacant “for rent.” It is computed by dividing the number of vacant units “for rent” by the sum of the renter-occupied units, vacant units that are “for rent,” and vacant units that have been rented but not yet occupied, and then multiplying by 100. This measure is rounded to the nearest tenth.</p> <p>To calculate owner and renter vacancy rates, the U.S. Census Bureau reports the raw data in two separate tables: DP04 and B25004. DP04 includes the following:</p> <ul style="list-style-type: none"> • Total housing units • Occupied housing units (Households) • Vacant units • Total vacancy rate • Number of owner-occupied units (owner households) [for owner vacancy rate] • Number of renter-occupied housing units (renter households) [for renter vacancy rate] • Owner vacancy rate- rounded to tenths • Renter vacancy rate- rounded to tenths <p>B25004 reports the number of vacant units by the seven vacancy types:</p> <ol style="list-style-type: none"> 1. For rent [for renter vacancy rate] 2. Rented, not occupied 3. For Sale only [for owner vacancy rate]

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	<p>4. Sold, not occupied 5. For seasonal, recreational, or occasional use 6. For migrant workers 7. Other vacant</p> <p>Currently, SCAG is only using the rounded-to-tenths owner and renter vacancy rates from DP04 for the healthy market vacancy rate adjustments at the jurisdictional level. For example, in order to calculate the regional tenured vacancy rates for the HCD consultation package (June 6, 2019 CEHD agenda packet), SCAG imputed the renter and owner units from a single table's rounded data (DP04) rather than calculating the actual rates from raw data in two separate tables (DP04 and B25004). Table B below illustrates the differences when using imputed and rounded vs. raw, unrounded data to calculate the regional tenured vacancy rates. Though small differences in percentages are seen in the tenured vacancy rates, when applied to the regional totals of hundreds of thousands of housing units shown in Table C, the resulting differences when using imputed and rounded data vs. raw, unrounded data can be sizeable.</p> <p>Table B: Tenured Vacancy Rates for SCAG Region from Different Source Tables</p> <table border="1" data-bbox="440 751 1468 926"> <thead> <tr> <th></th> <th>Owner Vacancy Rate</th> <th>Renter Vacancy Rate</th> </tr> </thead> <tbody> <tr> <td>Only 1-year DP04 (requires imputation using rounded data)</td> <td>1.1015%</td> <td>3.2756%</td> </tr> <tr> <td>Only 5-year DP04 (requires imputation using rounded data)</td> <td>1.2018%</td> <td>3.5850%</td> </tr> <tr> <td>All 5-year data (Tables DP04 & B25004, raw, unrounded)</td> <td>1.2443%</td> <td>3.6182%</td> </tr> </tbody> </table> <p>Sources: U.S. Census Bureau American Community Survey 2017 1-year and 2013-2017 5-year estimates</p> <p>Using the occupied units by tenure from the June 6, 2019 CEHD HCD Consultation Package's Table 1 on page 16, Table C below shows the magnitude of the differences when using imputed/rounded data vs. the raw, unrounded data outputs from Table B to calculate the regional healthy market vacancy rate adjustments by tenure. When comparing the raw, unrounded data to the imputed/rounded data, the raw, unrounded data are 19.3% to 23.0% lower than using the imputed rates. Recognizing that 1-year and 5-year data are inherently different and will produce different results, Table C also shows the differences between the 5-year raw vs. 5-year imputed data.</p> <p>Table C: Differences in Healthy Market Vacancy Rate Adjustments at the SCAG Regional Level by Tenure, U.S. Census Bureau American Community Survey (ACS)</p> <table border="1" data-bbox="431 1318 1503 1566"> <thead> <tr> <th colspan="2"></th> <th colspan="2">Projected Need</th> <th rowspan="2">Total Vacancy Adjustments</th> <th colspan="2">Differences with Table 1*</th> </tr> <tr> <th colspan="2"></th> <th>Owner</th> <th>Renter</th> <th>Number</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td></td> <td>SCAG Total</td> <td>311,821*</td> <td>282,916*</td> <td>594,737*</td> <td></td> <td></td> </tr> <tr> <td>1</td> <td>1-year ACS- only DP04*</td> <td>1,247*</td> <td>4,866*</td> <td>6,113*</td> <td>0</td> <td>0.0%</td> </tr> <tr> <td>2</td> <td>5-year ACS- only DP04</td> <td>797</td> <td>3,909</td> <td>4,707</td> <td>(1,406)</td> <td>-23.0%</td> </tr> <tr> <td>3</td> <td>5-year ACS (DP04 & B25004)</td> <td>930</td> <td>4,003</td> <td>4,933</td> <td>(1,180)</td> <td>-19.3%</td> </tr> </tbody> </table> <table border="1" data-bbox="431 1591 1503 1818"> <thead> <tr> <th colspan="2"></th> <th colspan="2">Existing Need</th> <th rowspan="2">Total Vacancy Adjustments</th> <th colspan="2">Differences with Table 1*</th> </tr> <tr> <th colspan="2"></th> <th>Owner</th> <th>Renter</th> <th>Number</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td></td> <td>SCAG Total</td> <td>3,184,473*</td> <td>2,889,288*</td> <td>6,073,761*</td> <td></td> <td></td> </tr> <tr> <td>4</td> <td>1-year ACS- only DP04*</td> <td>12,738*</td> <td>49,696*</td> <td>62,434*</td> <td>(0)</td> <td>0.0%</td> </tr> <tr> <td>5</td> <td>5-year ACS- only DP04</td> <td>8,141</td> <td>39,924</td> <td>48,066</td> <td>(14,368)</td> <td>-23.0%</td> </tr> <tr> <td>6</td> <td>5-year ACS (DP04 & B25004)</td> <td>9,498</td> <td>40,882</td> <td>50,380</td> <td>(12,054)</td> <td>-19.3%</td> </tr> </tbody> </table> <p>*SCAG's calculations reported in June 6, 2019 CEHD Agenda Packet's HCD Consultation Package, Table 1, p. 16 Sources: U.S. Census Bureau American Community Survey 2017 1-year and 2013-2017 5-year estimates, Tables DP04 & B25004</p>		Owner Vacancy Rate	Renter Vacancy Rate	Only 1-year DP04 (requires imputation using rounded data)	1.1015%	3.2756%	Only 5-year DP04 (requires imputation using rounded data)	1.2018%	3.5850%	All 5-year data (Tables DP04 & B25004, raw, unrounded)	1.2443%	3.6182%			Projected Need		Total Vacancy Adjustments	Differences with Table 1*				Owner	Renter	Number	Percent		SCAG Total	311,821*	282,916*	594,737*			1	1-year ACS- only DP04*	1,247*	4,866*	6,113*	0	0.0%	2	5-year ACS- only DP04	797	3,909	4,707	(1,406)	-23.0%	3	5-year ACS (DP04 & B25004)	930	4,003	4,933	(1,180)	-19.3%			Existing Need		Total Vacancy Adjustments	Differences with Table 1*				Owner	Renter	Number	Percent		SCAG Total	3,184,473*	2,889,288*	6,073,761*			4	1-year ACS- only DP04*	12,738*	49,696*	62,434*	(0)	0.0%	5	5-year ACS- only DP04	8,141	39,924	48,066	(14,368)	-23.0%	6	5-year ACS (DP04 & B25004)	9,498	40,882	50,380	(12,054)	-19.3%
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1	1-year ACS- only DP04*	1,247*	4,866*	6,113*	0	0.0%																																																																																									
2	5-year ACS- only DP04	797	3,909	4,707	(1,406)	-23.0%																																																																																									
3	5-year ACS (DP04 & B25004)	930	4,003	4,933	(1,180)	-19.3%																																																																																									
		Existing Need		Total Vacancy Adjustments	Differences with Table 1*																																																																																										
		Owner	Renter		Number	Percent																																																																																									
	SCAG Total	3,184,473*	2,889,288*	6,073,761*																																																																																											
4	1-year ACS- only DP04*	12,738*	49,696*	62,434*	(0)	0.0%																																																																																									
5	5-year ACS- only DP04	8,141	39,924	48,066	(14,368)	-23.0%																																																																																									
6	5-year ACS (DP04 & B25004)	9,498	40,882	50,380	(12,054)	-19.3%																																																																																									

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	<p>20. Since the raw data is available, in order to use the most accurate data possible during the RHNA process, unrounded vacancy rates for each jurisdiction should be calculated by using both tables DP04 and B25004 for use in the healthy market vacancy rate adjustments.</p> <p>21. Please include the table in Attachment 1 in the RHNA Data Appendix, which shows the raw data inputs, calculations and results of the owner and renter vacancy rates using both tables DP04 and B25004.</p>
<p>Vacant Units by Tenure and Type, American Community Survey 2013-2017 5-year Estimates 114-117</p> <p>Options 1 & 3</p>	<p>22. Consider using all, or more than two, of the seven categories of vacant units to calculate the tenured vacancy rates.</p> <p>The U.S. Census Bureau American Community Survey (ACS) 2017 5-year estimates report 6,470,403 housing units in the SCAG region with 5,970,784 occupied housing units (households) and 499,619 vacant units. The total vacancy rate for the region is 7.7% (6,470,403 / 499,619). As mentioned above in Item 19, the Census Bureau divides vacant units into seven different categories. See Attachment 2 for Census definitions of all vacant unit types.</p> <p>Though all seven categories are used to calculate a jurisdiction’s total vacancy rate, to calculate the tenured (owner & renter) vacancy rates, the Census Bureau only uses <u>two of the seven</u> types of vacant units. California statute does not specify how to calculate the homeowner and renter vacancy rates, nor does it require Census Bureau definitions to be used; it only specifies that the healthy market vacancy rate for renters is 5.0%.</p> <p><u>Five of the seven</u> categories of vacant units, totaling 353,517 units, are not included in the calculation of owner and renter vacancy rates using the Census Bureau definitions (above on page 3). Thus, any RHNA methodology that utilizes the strict Census owner and renter vacancy rates will underestimate the tenured vacancy rates and actual number of vacant units for each jurisdiction. As a result, the region as a whole, and each of the 197 jurisdictions, will be assigned a higher RHNA allocation.</p> <p>For example, as seen in Table D below on page 6, Imperial County has a total of 12,000 vacant housing units (ACS 2017 5-year estimates) but only two categories of those vacant units (829 and 548 = 1,377) are used in the formula to calculate the owner and renter vacancy rates. That means that 10,623 vacant units are not being credited to Imperial County jurisdictions in the RHNA’s healthy market vacancy rate adjustments. As a result, the owner vacancy rate is 2.1%, the renter vacancy rate is 4.0%, while the total vacancy rate for Imperial County is 21.0%.</p> <p>As a further example, Orange County has a total of 56,725 vacant housing units (ACS 2017 5-year estimates) but only two categories of those vacant units (14,542 and 5,037 = 19,579) are used to calculate the owner and renter vacancy rates. That means that 37,146 vacant units are not being credited to Orange County jurisdictions in the RHNA’s healthy market vacancy rate adjustments due to this underestimation.</p> <p>These same strict definitions were used to calculate the regional vacancy rates as explained above (Item 20), for the consultation package sent by SCAG to HCD with the ultimate effect that the region was not credited with all the vacant units by ignoring five of the seven types of vacant units, thus underestimating the current vacant housing stock.</p> <p>23. Consider using all, or more than two, of vacant unit categories in the tenured vacancy rates.</p> <ul style="list-style-type: none"> • Rented, not occupied • Sold, not occupied • For seasonal, recreational, or occasional use • For migrant workers • Other vacant

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	<p>Table D: Types of Vacant Units, ACS 2013-2017 5-year estimates, Table B25004</p> <table border="1"> <thead> <tr> <th></th> <th>Imperial</th> <th>Los Angeles</th> <th>Orange</th> <th>Riverside</th> <th>San Bernardino</th> <th>Ventura</th> <th>SCAG</th> </tr> </thead> <tbody> <tr> <td>For rent</td> <td>829</td> <td>59,605</td> <td>14,542</td> <td>14,961</td> <td>13,167</td> <td>3,569</td> <td>106,673</td> </tr> <tr> <td>Rented, not occupied</td> <td>338</td> <td>16,188</td> <td>4,294</td> <td>2,153</td> <td>2,848</td> <td>477</td> <td>26,298</td> </tr> <tr> <td>For sale only</td> <td>548</td> <td>16,067</td> <td>5,037</td> <td>9,264</td> <td>7,088</td> <td>1,425</td> <td>39,429</td> </tr> <tr> <td>Sold, not occupied</td> <td>88</td> <td>9,393</td> <td>4,274</td> <td>3,726</td> <td>3,397</td> <td>943</td> <td>21,821</td> </tr> <tr> <td>For seasonal, recreational, or occasional use</td> <td>3,028</td> <td>32,662</td> <td>17,727</td> <td>64,887</td> <td>43,155</td> <td>5,672</td> <td>167,131</td> </tr> <tr> <td>For migrant workers</td> <td>92</td> <td>97</td> <td>162</td> <td>551</td> <td>111</td> <td>187</td> <td>1,200</td> </tr> <tr> <td>Other vacant</td> <td>7,077</td> <td>77,693</td> <td>10,689</td> <td>19,438</td> <td>18,492</td> <td>3,678</td> <td>137,067</td> </tr> <tr> <td>Total Vacant housing units</td> <td>12,000</td> <td>211,705</td> <td>56,725</td> <td>114,980</td> <td>88,258</td> <td>15,951</td> <td>499,619</td> </tr> <tr> <td>Total vacant units used in vacancy calculation</td> <td>1,377</td> <td>75,672</td> <td>19,579</td> <td>24,225</td> <td>20,255</td> <td>4,994</td> <td>146,102</td> </tr> <tr> <td>Total vacant units not being credited to jurisdictions</td> <td>10,623</td> <td>136,033</td> <td>37,146</td> <td>90,755</td> <td>68,003</td> <td>10,957</td> <td>353,517</td> </tr> </tbody> </table> <p>Table E: Total and Tenured Vacancy Rates, ACS 2013-2017 5-year estimates, Table DP04</p> <table border="1"> <thead> <tr> <th></th> <th>Imperial</th> <th>Los Angeles</th> <th>Orange</th> <th>Riverside</th> <th>San Bernardino</th> <th>Ventura</th> <th>SCAG</th> </tr> </thead> <tbody> <tr> <td>Total Housing Units</td> <td>57,198</td> <td>3,506,903</td> <td>1,081,701</td> <td>826,704</td> <td>711,900</td> <td>285,997</td> <td>6,470,403</td> </tr> <tr> <td>Total Vacancy Rate</td> <td>21.0%</td> <td>6.0%</td> <td>5.2%</td> <td>13.9%</td> <td>12.4%</td> <td>5.6%</td> <td>7.7%</td> </tr> <tr> <td>Homeowner vacancy rate (Rounded)</td> <td>2.1%</td> <td>1.0%</td> <td>0.8%</td> <td>1.9%</td> <td>1.9%</td> <td>0.8%</td> <td></td> </tr> <tr> <td>Rental vacancy rate (Rounded)</td> <td>4.0%</td> <td>3.2%</td> <td>3.2%</td> <td>5.6%</td> <td>4.9%</td> <td>3.5%</td> <td></td> </tr> </tbody> </table> <p>Sources: U.S. Census Bureau American Community Survey 2013-2017 5-year estimates, Tables DP04 & B25004</p>		Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	SCAG	For rent	829	59,605	14,542	14,961	13,167	3,569	106,673	Rented, not occupied	338	16,188	4,294	2,153	2,848	477	26,298	For sale only	548	16,067	5,037	9,264	7,088	1,425	39,429	Sold, not occupied	88	9,393	4,274	3,726	3,397	943	21,821	For seasonal, recreational, or occasional use	3,028	32,662	17,727	64,887	43,155	5,672	167,131	For migrant workers	92	97	162	551	111	187	1,200	Other vacant	7,077	77,693	10,689	19,438	18,492	3,678	137,067	Total Vacant housing units	12,000	211,705	56,725	114,980	88,258	15,951	499,619	Total vacant units used in vacancy calculation	1,377	75,672	19,579	24,225	20,255	4,994	146,102	Total vacant units not being credited to jurisdictions	10,623	136,033	37,146	90,755	68,003	10,957	353,517		Imperial	Los Angeles	Orange	Riverside	San Bernardino	Ventura	SCAG	Total Housing Units	57,198	3,506,903	1,081,701	826,704	711,900	285,997	6,470,403	Total Vacancy Rate	21.0%	6.0%	5.2%	13.9%	12.4%	5.6%	7.7%	Homeowner vacancy rate (Rounded)	2.1%	1.0%	0.8%	1.9%	1.9%	0.8%		Rental vacancy rate (Rounded)	4.0%	3.2%	3.2%	5.6%	4.9%	3.5%	
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Overcrowding table 118-121	24. Add ACS source table number B25014																																																																																																																																
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Industry Affiliation by Residence table 127-130	26. Add ACS source table number 27. Add second line to title or note at bottom of page “Number of residents employed in jurisdiction by industry”																																																																																																																																
Industry Affiliation by Workplace, ACS 2012-2016 5-year Estimates 131-134	28. Add ACS source table number 29. Add second line to title or note at bottom of page “Number of jobs in jurisdiction by industry”																																																																																																																																

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RHNA Methodology Survey Response Summary, Spring 2019 288-293	30. Indicate in notes at bottom of table what the four categories of the survey represent and dates for each.
RHNA Data Appendix, p. 99-103; 110-113 & RHNA Calculator	31. If HCD approves the removal of growth on tribal lands in unincorporated county areas, specifically Unincorporated Riverside & San Bernardino Counties, please: <ol style="list-style-type: none"> a. Indicate these changes to population and household numbers in the Proposed RHNA Methodology Data Appendix tables: <ol style="list-style-type: none"> i. Projected Household Growth- Local Input for Connect SoCal ii. Local Population and Household Growth 2020-2045, Connect SoCal b. Indicate these changes to population and household numbers in the RHNA Calculator RHNA_data worksheet columns: <ol style="list-style-type: none"> i. POP20, POP30, POP35, & POP45 ii. HH20 & HH30
RHNA Calculator	32. In the RHNA Calculator RHNA_data worksheet, please add 2035 Households for all jurisdictions, which is needed to determine which increment of population growth share should be used for Option 3.
RHNA Data Appendix, p. 99-103; 110-113 & RHNA Calculator	33. Please correct Households 2045 in either the RHNA Calculator or the Proposed RHNA Methodology Data Appendix Tables: Local Population and Household Growth 2020-2045, Connect SoCal and Projected Household Growth – Local Input for Connect SoCal as 196 of 197 jurisdictions’ data does not match.
RHNA Data Appendix, p. 54-58 & RHNA Calculator	34. In the RHNA Calculator RHNA_data worksheet, for columns M (HQTAPOP16) & N (PCT_HQTAPOP16), please correct the sorting in either the Proposed RHNA Methodology Data Appendix Table: Share of 2019 Population in 2016 HQTAs or the RHNA Calculator for the following cities: <ul style="list-style-type: none"> • Bell Gardens • Bellflower • La Habra • La Mirada • La Puente • La Verne • Laguna Niguel • Lakewood • Lancaster
RHNA Calculator	35. Please correct the vacancy rates by tenure in the RHNA Calculator RHNA_data worksheet for the following jurisdictions, as it is unlikely all have the same share of owner and renter units: <ul style="list-style-type: none"> • Unincorporated Los Angeles • Unincorporated Orange • Unincorporated Riverside • Unincorporated Ventura
RHNA Calculator	36. In the RHNA Calculator RHNA_data worksheet, Option 1 uses a total of 150,577 for existing need by using this formula: <ol style="list-style-type: none"> a. Placeholder HCD regional total housing allocation (659,144) - projected household growth (468,428) - vacancy adjustments for projected need (14,580) - replacement need for projected growth (25,559) = 150,577. b. The calculator is using the total number of replacement need of 25,559 for the <u>projected</u> need calculations, but the 25,559 is the <u>existing</u> need replacement number per Table 1 in the June 6, 2019 CEHD HCD consultation package. The <u>projected</u> replacement need number should be smaller, near 2,500 as seen in Table 1 in the HCD package.

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RHNA Calculator	37. In the RHNA Calculator RHNA_data worksheet, for Option 1, columns BC, BD, and BE divide the above moderate category into three equal shares, whereas the methodology on page 8 talks about using the relative share of the three lower-income categories. Please correct the formulas to match the methodology on page 8.
RHNA Calculator	38. In the RHNA Calculator RHNA_data worksheet, please update Option 3's calculations to utilize if/then statements so the formulas are referencing the appropriate time increment (2020-2030, 2020-2035, or 2020-2045) based on the amount of household growth as is described on page 15 of the Proposed RHNA Methodology. The RHNA Calculator is currently set up to only use the growth increment of 2020-2045, which is not how the methodology is described on page 15 of the Proposed RHNA Methodology document.
RHNA Data Appendix & RHNA Calculator	39. Please republish the Proposed RHNA Allocation Methodology Technical Data Appendix and RHNA calculator after corrections are made.