COMMUNITY, ECONOMIC & HUMAN DEVELOPMENT REGIONAL HOUSING NEEDS ASSESSMENT SUBCOMMITTEE

Thursday, October 12, 2006
Minutes

THE FOLLOWING MINUTES ARE A SUMMARY OF ACTIONS OR DISCUSSIONS TAKEN BY THE COMMUNITY, ECONOMIC & HUMAN DEVELOPMENT REGIONAL HOUSING NEEDS ASSESSMENT SUBCOMMITTEE. AN AUDIOCASSETTE TAPE OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG'S OFFICE.

Members Present

Jon Edney – Imperial County
Paul Nowatka – Los Angeles County
Gil Coerper – Orange County
Timothy Jasper – San Bernardino County
Mary Ann Krause – Ventura County

Member Alternates Present

Charles White – Representing Mayor Ronald Loveridge – Riverside County

1.0 CALL TO ORDER & PLEDGE OF ALLEGIANCE

The Honorable Jon Edney, Chair, called the meeting to order at 10:02 a.m.

2.0 PUBLIC COMMENT PERIOD

Mark Pisano, SCAG, presented updated information on the status of the RHNA Pilot Program Legislation. Mr. Pisano stated that he and Lynn Harris, SCAG, attended a meeting in Sacramento on October 10th. In attendance was CSAC, builders, housing advocates and the representatives of a number of jurisdictions. The group reviewed the program that subcommittee adopted on September 14th. A bill would be drafted around the program. At this meeting, Ms. Harris gave a summary of the status on the implementation of the program. Those present at the meeting then addressed the one remaining issue, which was not in full concurrence with all the parties which was, the question of findings. The consensus of those in the meeting agreed that the word findings did not need to be in the statute because there is sufficient information to justify the recommendations and decisions. Mr. Pisano stated that when the final RHNA distribution and allocation is done, staff will make a determination that it is consistent with growth, transportation, and air quality.

Doc # 128164
Prepared by: C. Alvarado
10/20/2006 10:40:48 AM

In regards to Public Comments, Chair Edney asked that the subcommittee and public note that because of the decision making nature of the meeting, additional public comment periods would be allowed after the presentation on each item.

3.0 REVIEW AND PRIORITIZE AGENDA ITEMS

Lynn Harris, SCAG, announced that there was a hard copy of the September 28, 2006 Integrated Growth Forecast/HRNA Public Hearing and Workshop transcript for review on the front table.

John Edney, Chair, announced that he would be moving the Chair's Report forward prior to the action items.

4.0 CONSENT CALENDAR

4.1 Receive and File

4.1.1 Written Communication Regarding RHNA Methodology

4.2 Consent Calendar

4.2.1 Minutes of CEHD RHNA Subcommittee Meeting #2 September 28, 2006

4.2.2 Transcript of Public Hearing/Workshop on Integrated Regional Growth Forecast and Regional Housing Needs Assessment (RHNA) Methodology September 28, 2006 (To be included as part of Receive and File)

MOTION was made to approve the Consent Calendar Items.
MOTION was SECONDED and UNANIMOUSLY APPROVED.

5.0 INFORMATION

5.1 Transmittal of Farmworker Employment Data by Subregion

Lynn Harris, SCAG, requested that it be noted that Item 5.1 was additional farm worker data that was requested by the subcommittee at the last meeting. The information points out that there is additional opportunity for communities to identify their local needs.

8.0 CHAIR'S REPORT

John Edney, Chair, stated that a schedule was devised and presented at the October 5th CEHD meeting which laid out the RHNA methodology process. It was agreed upon that the subcommittee would listen to the SCAG staff and allow

each county within the region to have a fair and accurate access to the process. The subcommittee would then take the combined consensus methodology back to the CEHD. The CEHD will then have the opportunity to review every item of the methodology and take whatever action it so chooses. The approved action items will then go to the Regional Council.

What took place at the last CEHD meeting on October 5 was not the process previously identified. In order for the RHNA Subcommittee to have a fair and accurate process, as identified by the CEHD, each county within the SCAG Region has been given a seat on the RHNA subcommittee. After speaking with Chair Bowlen of the CEHD, he and I agreed that this would be the process the CEHD and RHNA Subcommittee would follow.

Councilmember White, representing Riverside County, stated that he was the maker of the motion to bring the item back to the subcommittee because he felt the importance of the item warranted such action at the time. Chair Edney reiterated the need to follow the agreed upon process to ensure fairness for all counties. The subcommittee concurred.

6.0 ACTION ITEMS

6.1.1. Guidance of Application for Housing Cost Factor to RHNA

Lynn Harris, SCAG, came forward to offer a recommended staff Amendment to Item 6.1. On page 54, under Recommended Action, it should read that staff is asking the subcommittee to provide guidance in the development of the methodology that applies to the housing cost policy. In Option #3 (pg. 54) talks about a series of tables that show city level median income. This was an effort on part of staff to see if we could work an allocation process from the city level up to the county. Staff's latest evaluation notes this may not be an acceptable approach given current state law.

Joanna Africa, SCAG Legal Counsel, stated that the attached tables appeared to be based on local medium income instead of county and noted that there may be legal concerns if this is intended as a substitution rather than a comparison. However, Ms. Africa stated that it was her understanding that the approach would still lead to a comparison to the county median distribution.

Chair Edney clarified Ms. Africa's remarks:

- Staff would have to utilize local median income as a comparison to county median income.
- An allowance would have to be made for what appears to be a nine-thousand unit shortfall.

Staff could use the city numbers in comparison to the county numbers but the number would have to be modified to make up for any potential shortfall.

Joseph Carreras, SCAG, stated that he wanted to emphasize two considerations in trying to develop some options for the subcommittee to evaluate in relating housing cost to the improved distribution of housing across the region. This can be achieved by either improving housing availability or improving housing affordability. Staff recommendations are grouped under two categories:
1) housing stock approaches and, 2) affordability.

The simplest approach would be to assign a specific percentage of housing that the subcommittee would allocate back to communities with the highest housing costs, in an attempt to try to produce more housing in those areas where cost have gone up to very high levels. Adding additional units would help moderate those cost levels and bring them into alignment with other communities in the region as a whole.

The second approach is to assign more housing to higher cost communities who have a vacancy rate differential approach. Staff has done some analysis were there is a high correlation between low vacancies and high housing cost. If more housing stock can be added to a community it would help in moderating housing cost levels.

Mr. Carreras clarified for the subcommittee that the two approaches could be looked at in two ways. For example in the 1990's, a million units were built in Southern California but it was not enough. To identify the deficit, the fifty vacancy health market approach would be used to do this. In terms of construction need associated with household growth, staff is projecting a 24% change. This would be the ideal number of vacant units to attach to the household growth; there would not be a shortfall.

Councilmember White, Riverside County, inquired whether this would equate to an average for all counties. Mr. Carreras explained that staff would identify an ideal vacancy rate for rental housing as well as home ownership housing and depending upon the fix of those types of housing in a community, this would determine what would be the healthy level of production that would be needed.

Staff will provide a more detailed analysis as soon as SCAG is
given direction by the subcommittee as to how they would like to proceed.

Mr. Carreras stated that a third option would be the local medium income. This would promote an approach to the fair share diversity goals in communities that reflect the concept on 'house your own', which means creating new jobs within a county and to look at each community in terms of income groups and define the diversity targets. This approach tends to focus construction activity in the middle income housing level. This approach needs more work and evaluation as previously discussed.

Councilmember Mary Ann Krause, Ventura County, remarked that she was having trouble understanding the benefit of using your own cities median income especially when it is talking about a housing marketing that is regional in nature. While there may be a very minor benefit when using this income, it appears that it is not allowing proper movement between communities and not going to necessarily take into account job locations.

Mr. Carreras responded that it was more for the goal setting process. This option has a positive outcome of providing more diversity.

Chair Edney opened the floor to public comments.

Bill Tremble, SGVCOG, spoke about vacancy and prices relationships using Rosemead and Beverly Hills as examples. The correlation between vacancy and price does not exist and implementing such would, in fact, create severe inequities. Mr. Tremble felt that the staff report did not provide correlation and recommended that the committee not take action on vacancy and price.

Ty Schulling, SBCOG, stated that he felt correlation does indeed exist, citing his opinion that confusion about vacancy rates and median incomes is a problem. Mr. Schulling spoke in favor of correlation between vacancy and price. He felt it was an important tool to determining equity.

Tracy Sato, City of Anaheim, stated that she felt there anomalies in vacancy rate factors which will limit usefulness of vacancy and price correlation. Ms. Sato gave some examples of correlation in Orange County. Ms. Sato suggested that staff and the subcommittee use other factors in conjunction with vacancy such as location, desirability, etc., if vacancy/price correlation is used.

Rick Bishop, WRCOG, stated that agreed with Ty Schulling, SBCOG, and supports a vacancy factor in the methodology.

David Chantarangsu, City of Glendora, cited reasons why Glendora, as a higher income city, cannot meet or accept assignments of additional units.

Debra Chankin, GWCOG, asked where chart is in the agenda, attachment to item to 6.1, which refers to income and not vacancies. Hasan Ikhrata, SCAG, responded that the chart has been prepared subsequently and will be posted on SCAG's website. Ms. Chankin feels the subcommittee should be evaluating jobs/housing factors.

Ms. Africa, SCAG legal counsel, clarified the item and the subcommittees discussion explaining that the decision that was made was to have an adjustment, find more housing, to high housing cost jurisdiction relative to lower cost jurisdictions.

MOTION was made to adopt the combined options of #2 and #3 by making both an adjustment to housing supply and to housing demand perspective to address housing affordability and availability of goals. The MOTION was SECONDED and APPROVED 5-1. Councilmember Paul Nowatka representing Los Angeles County voted NO on the motion.

6.1.2 Reconsideration of Subcommittee September 28, 2006 Action Regarding Approval of a Policy Action for Market Demand.

Councilmember White, Riverside County, stated that if the subcommittee was now looking back to Agenda Item 6.1.2, he was the one that had asked for the reconsideration of the item and based upon what we have approved on Item 6.1.1 he would like to withdraw his request for reconsideration.

MOTION was made and seconded to not reconsider the Subcommittee's approval of a policy action for the market demand factor.

Before going further, Chair Edney stated that he wanted to clarify to the subcommittee that the vacancy factor that was discussed in Item 6.1.1 was about a future vacancy factor, and included that in the process. The vacancy factor that was discussed originally at the last subcommittee meeting, which was not approved as part of the methodology, was a previous vacancy factor. Mr. Edney clarified that the subcommittee was not being inconsistent.

MOTION was further MOVED (White) and SECONDED (Jasper) and UNAMIOUSLY APPROVED.

6.1.3 Deliberation on Diversity Policies for Fair Share Adjustments

Joe Carreras, SCAG, gave a presentation on Fair Share Housing Diversity Policy. Mr. Carreras defined fair share goals as; fair and equitable distribution of growth between cities and unincorporated areas, fair and equitable diversity of different income groups within a community.

A major issue with the policy is the goal shifts, the rate at which localities move to the county income distribution which is considered to be the equity frame work for housing diversity. Mr. Carreras presented a power point presentation which showed charts that reflected two extreme cases demonstrating how a very low income city and a very high income city might move toward the county income distribution. The numbers shown in the presentation are the targets for the future construction need. They start out with the local profile in terms of income mix and then move over time in terms of future construction need to be more like the County as a whole in terms of income base.

The housing diversity adjustment had nothing to do with the distribution of growth between communities or any more units of community. It has to do with

however much housing need is assigned, what would be the goals for development from affordable housing to market rate. The diversity goals are for determining that mix in any community in the region.

Chair Edney opened the floor to public comment.

Gail Sheaimoto Laur, City of Mission Viejo, asked staff how the county unincorporated proper would be treated in terms of a fair share allocation.

Mr. Carreras responded this was an ongoing effort in the development of the growth forecast and that it was a tough issue that comes up every cycle because it requires the county and its unincorporated area to work successfully together.

Mark Pisano, SCAG, contributed some background information regarding LAFCO Directors agreements requirements.

Ty Schulling, SANBAG, stated that if the percentages apply only to the growth increment and in most cases the growth increment is a relatively small percentage of total units relative to the entire housing stock within that jurisdiction then, even at 100% there is very little movement toward a county norm. Movement for the extreme cases toward the county norm within a reasonable time period the percentage will have to go well beyond 100%.

Councilmember Krause, Ventura County, expressed her concern that some communities in the region where in a short period, 20-25 years, of time they have gone from middle income to low income. This would institutionalize them being low income literally to 100-200 years. This takes away the ability of a community to better itself. If a community is very low income it has a very hard time providing services. Ms. Krause stated that the percentage figure would have to be dramatically higher than 100%.

Councilmember Gil Coerper, City of Huntington Beach, emphasized to the subcommittee and staff that he would like to have other planners from the cities, counties, and other agencies to assist SCAG in putting the plan and information together. Mr. Ikhrata, staff, stated that SCAG's Planning and Programming Technical Advisory Committee was going to be presented the methodology and appoint a smaller group/committee that would include the other cities, counties and agencies to help with the methodology. Formation and meeting of this group would be done the week of October 16.

MOTION (Coerper) was made to NOT TAKE ANY ACTION and bring the item back to the next subcommittee meeting on October 19 with the direction that staff will work with the P&P TAC, on this item for further presentation to the subcommittee and to provide a more clarified position as to what 100% would do. MOTION was SECONDED (White) and UNAMIOUSLY APPROVED.

7.0 CHAIR'S REPORT

The Chair's Report was given earlier in the meeting prior to the Action Items.

8.0 ADJOURNMENT

The meeting was adjourned at 12:42 P.M. **The next meeting of the CEHD Regional Housing Needs Assessment Subcommittee, Meeting #4, will be at the SCAG office in downtown Los Angeles on October 26, 10:30 a.m. to 3:00 p.m.**

Doc # 128164
Prepared by: C. Alvarado
10/20/2006 10:40:48 AM