



City of Downey

January 29, 2020

Bill Jahn, President
Southern California Association of Governments
900 Wilshire Blvd., Suite 1700
Los Angeles, CA 90017

**SUBJECT: SCAG DRAFT REGIONAL HOUSING NEEDS ASSESSMENT (RHNA)
FOR THE CITY OF DOWNEY**

Dear Mr. Jahn:

The City of Downey appreciates this opportunity to provide comment on the Draft RHNA Allocation Methodology approved by the Southern California Association of Governments (SCAG) Regional Council on November 7, 2019, and transmitted to the California Department of Housing and Community Development (HCD) on November 14, 2019. This letter is a follow-up the City's September 13, 2019 comment letter to SCAG which outlined our concerns with SCAG's various draft RHNA allocation methodologies.

The opportunity for Cities to review and comment on the Alternative RHNA Methodology is imperative for Cities to fully understand the lasting land use, employment and economic implications said methodology presents for their respective communities. For example, the decision of the Regional Council to eliminate Household Growth projections obtained during the local input process, which initially comprised 50% of the Existing Need computation, resulted in the City of Downey being assigned a total of 6,552 housing units. The increase in the total number of housing units from 2,773 (SCAG Recommended RHNA Methodology) to 6,552 (Alternative RHNA Methodology) resulted in a net increase of 4,179 housing units, which represents an increase of more than 175% for the City of Downey.

The City of Downey is committed to being part of the statewide process to provide adequate and affordable housing. However, as currently proposed, the RHNA methodology arbitrarily allocates an excessive number of units to Downey. The Draft RHNA Allocation Methodology transmitted to HCD assigns a RHNA of 6,552 units to Downey. The total number of housing units assigned to Downey for the 6th cycle RHNA is unattainable, as the total amounts to more than 18% of the City's existing housing stock (2018) which has been developed over the course of more than 60 years. To put this in perspective, in the almost 30-year span from 1990 to 2019, the City grew by 4%, or approximately 1,524 units. On average, this represents 51 units per year. In addition,

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the City's allocation of very-low and low-income units is 373% higher than the City's total housing unit allocation in the 5th cycle. Accommodating the 6th cycle RHNA allocation in our built-out city within an 8-year cycle is a virtually impossible task.

The RHNA allocation should recognize existing constraints to housing growth in metropolitan communities like Downey, such as lack of undeveloped land, high land prices, open space deficits, and productive industrial uses that are incompatible with residential neighborhoods. Factors such as major freeways and freight rail corridors further limit development potential, as adequate buffers around those locations are needed for housing developments.

The City of Downey will also endure long-term adverse economic impacts due to the unfair and unfunded mandate to construct more than our fair share of the region's new housing. The unprecedented draft RHNA allocation does not take into account the need to provide a corresponding level of infrastructure and essential public services. In fully developed cities like Downey, new housing will require redevelopment on non-residential land, resulting in the loss of jobs and sales tax revenue generating businesses. However, the greatest long-term economic impacts resulting from the conversion of these land uses to housing is the expense of providing core city services.

As a critical factor guiding the development of the adopted methodology for SCAG's 4th and 5th RHNA cycles, Household Growth projections obtained from cities during SCAG's local input/growth forecast process were included in the SCAG Recommended RHNA Methodology for the 6th RHNA Cycle. SCAG's Growth Forecast is an important factor used in identifying realistic opportunities for cities to develop housing on either vacant or underutilized property. The Growth Forecast was also used to develop Connect SoCal, which is SCAG's 2020-2045 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). California State law requires that the methodology used by SCAG in determining RHNA allocations for cities to be consistent with the vision and development patterns reflected in SCAG's Connect SoCal; this is no longer the case, since the Alternative RHNA Methodology is inconsistent with SCAG's Connect SoCal. Further, SCAG championed the value and importance of local input provided by way of the Growth Forecast as a means identifying existing housing constraints. Accordingly, throughout the eighteen-month public input process, Cities such as Downey were led to believe that the RHNA Methodology submitted to HCD would be based on an existing need determined through the Growth Forecast.

After further review of the Alternative RHNA Methodology following its approval by the Regional Council, the City of Downey has found that the most significant factor in establishing a city's RHNA allocation is employment. This determination is based on employment projections derived from SCAG's computer modeling; however, said figures are inconsistent with employment data maintained by the State of California Employment

Development Department (EDD). When comparing SCAG's 2016 employment projections with employment data from the California EDD, SCAG's employment projections over-estimate the total number of jobs available in Downey.

Adoption of several new housing bills (SB35, SB166, AB1397, AB101, AB102) already places significant pressure on local jurisdictions to meet their RHNA allocations. Despite the City of Downey's efforts to identify adequate sites in past housing element cycles, AB1397 will significantly increase the difficulty for jurisdictions to illustrate the adequacy of sites, SB 166 will require a jurisdiction to continually identify additional low-income housing sites when a developer chooses to develop market rate housing, and AB101/SB102 would financially penalize jurisdictions for not having an HCD-compliant housing element. The unrealistic draft 6th cycle RHNA assigned to our City makes an already difficult situation practically impossible with respect to identifying and maintaining adequate RHNA sites consistent with State law.

The alarming increase in the RHNA allocation units with no corresponding rise in funding—further combined with stricter State laws regarding RHNA sites selection—presents Downey with an unfair and unattainable task. The fundamental objective of the RHNA process is to promote the construction of housing for residents of all income levels and for cities to accommodate their fair share of housing regardless of size, location, and regional influence. Assigning an unattainable and unreasonable RHNA allocation to the City of Downey fails to meet the objectives of the RHNA process.

The 27 incorporated communities of the Gateway Cities Council of Governments (GCCOG) are offering an additional method of producing significant housing units which will help the State meet its housing goals. The Gateway Cities COG, representing the most densely populated sub-region of California with largest concentration of economically disadvantaged communities in the State (see Attachment "A"), is proposing for the State to financially incentivize those Gateway Cities that choose to rezone underperforming office, industrial, and commercial sites into new housing developments. The lack of property tax incentives for cities to facilitate the production of housing has resulted in neighboring jurisdictions competing for sales tax revenues. This has caused the development of excessive commercial uses at the expense of new residential developments. The proposed program would enable host communities of transit-oriented, mixed-use, and stand-alone residential infill developments to receive the property tax revenue from those developments for the purpose of funding core city services to new residents. A 2% cap on the number of developed parcels receiving the incentives would limit the financial impact on other taxing entities. The additional requirement of a State-certified Housing Element would ensure the alignment of local and State housing goals. In Downey alone, there is an opportunity for developing 348 new housing units on three relatively small sites currently zoned for non-residential uses.

The proposed program would allow Gateway Cities communities to revitalize underperforming non-residential sites, as well as provide funding for core city services to new residents.

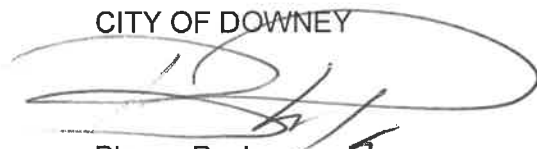
It is recommended that a trial program be developed for use by the Gateway Cities for the duration of the SCAG 6th cycle Housing Element planning period ending on October 15, 2029. The communities of the Gateway Cities stand ready to work with the Governor's Office to develop this simple win-win solution to the State's housing crisis. The proposed property tax incentive program would help achieve California's goal of 3.5 million new housing units while greatly assisting the Gateway Cities' communities in accommodating housing and the delivery of core city services to residents by way of transforming non-residential land into housing.

As stated previously, while the City understands the gravity of the region's housing shortfall, we are asking for a lower and more just RHNA allocation that takes into consideration realistic levels of development that can occur, as well as the many physical, financial, and regulatory constraints we face. The City of Downey respectfully requests a reduction to the RHNA allocation for the 6th cycle. Furthermore, we request that the Gateway Cities Housing Incentive Program be considered as a tool to assist our cities in meeting our regional housing need. We request that SCAG support and promote with State officials the Housing Incentive Program proposed by the Gateway Cities COG. If the State chooses the Gateway Cities for a trial Housing Incentive Program, it will be greatly assisting the State's largest concentration of economically disadvantaged communities.

The City of Downey looks forward to working with SCAG to ensure a fair, attainable, and reasonable RHNA allocation. Please let us know if you need additional information by contacting Aldo E. Schindler, Director of Community Development at (562) 904-7151 or aschindler@downeyca.org.

Respectfully submitted,

CITY OF DOWNEY



Blanca Pacheco
Mayor

Attachments: A – Gateway Cities Population Density

(Please see the next page for the list of cc:'s)

cc:

Mr. Doug McCauley, Acting Director
California Department of Housing and Community Development
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Mr. Zack Olmstead, Deputy Director, Housing Policy Development
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Honorable Peggy Huang, Chair
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| Gateway Cities Ranked by Population Density | | (1) Cities include for comparison purposes (Population from 2010 Census) |
|---|---|--|
| http://www.energyatlas.ucla.edu/profiles/BTU | | (2) Values obtained from EnergyAtlas (Population from 2010 Census) |
| City Name | Population Density per Square Mile ² | |
| New York¹ | 27,016 | |
| Maywood | 23,257 | |
| Huntington Park | 19,820 | |
| Cudahy | 19,371 | |
| San Francisco¹ | 17,116 | |
| Bell Gardens | 17,066 | |
| Hawaiian Gardens | 15,556 | |
| Lynwood | 14,599 | |
| Bell | 13,414 | |
| South Gate | 12,839 | |
| Bellflower | 12,393 | |
| Paramount | 11,223 | |
| Norwalk | 10,896 | |
| Artesia | 10,190 | |
| Compton | 9,604 | |
| Long Beach | 8,995 | |
| Downey ¹ | 8,894 | |
| Lakewood | 8,325 | |
| Los Angeles¹ | 8,008 | |
| Montebello | 7,454 | |
| Los Angeles County | 7,372 | |
| Pico Rivera | 7,211 | |
| La Mirada | 6,183 | |
| Whittier | 5,866 | |
| Cerritos | 5,540 | |
| Signal Hill | 5,039 | |
| Santa Fe Springs | 2,268 | |
| Commerce | 2,008 | |
| Avalon | 1,237 | |
| Industry | 1,178 | |
| Vernon | 22 | |