



City of Malibu

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July 11, 2019

The Honorable Peggy Huang, Chair
Regional Housing Needs Assessment (RHNA) Subcommittee
Southern California Association of Governments (SCAG)
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

RE: Determination of Replacement Need for 6th RHNA Cycle

Dear Chair Huang and RHNA Subcommittee Members:

The City of Malibu wishes to call to the Subcommittee's attention to a concern regarding SCAG's RHNA methodology as it relates to the process for allocating replacement need for housing lost due to a natural disaster. As described below, the process for allocating replacement need used by SCAG in prior RHNA cycles could result in an unreasonable burden on jurisdictions, such as Malibu, that suffered catastrophic losses in recent wildfires.

Background

Nearly 500 homes in Malibu were destroyed in last year's Woolsey Fire, the vast majority of which were single-family detached houses. In addition to the personal devastation on families who lost their homes, City infrastructure suffered severe damage and City resources have been stretched thin during the recovery efforts. While most if not all of the destroyed homes are expected to be rebuilt, it may take years for the rebuilding process to be completed.

RHNA law establishes procedures and criteria that guide the development of methodology for determining the region's total housing need and allocating that regional need to individual jurisdictions. While the law identifies various factors that must be considered, Councils of Governments (COGs) have some flexibility in determining how the statutory factors should be applied.

The RHNA is comprised of several components, including existing need, growth need, and replacement need. As SCAG staff has correctly pointed out in previous Subcommittee meetings, the process for determining and allocating existing need will be significantly different in the 6th cycle as compared to prior cycles.

With regard to need resulting from the demolition or destruction of existing housing, the City of Malibu is concerned that the methodology for allocating replacement units could result in an unreasonable burden on jurisdictions that suffered catastrophic losses in recent wildfires. *More specifically, allocating "replacement need" 1) equal to the housing units destroyed but not yet*

rebuilt; and 2) based on the same income distribution as applies to “growth need,” would be unreasonable.

For the reasons outlined below, we believe State law allows SCAG flexibility in determining the methodology for quantifying and allocating replacement need in the 6th RHNA cycle for housing lost in a natural disaster.

Discussion

Government Code Sec. 65584 establishes five key objectives of the RHNA. While homes destroyed by natural disasters certainly affect housing need in a jurisdiction, it is not one of the five key objectives listed in Sec 65584(d).

State RHNA law includes the following as one of the “data assumptions” to be considered in determining a region’s housing need:

65584.01(b)(1)(I) The loss of units during a state of emergency that was declared by the Governor pursuant to the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2), during the planning period immediately preceding the relevant revision pursuant to Section 65588 that have yet to be rebuilt or replaced at the time of the data request.

Note that this provision does not specify how the loss of units must be incorporated into the methodology.

The long-established RHNA methodology distributes housing need across four income categories: very-low, low, moderate, and above-moderate. Because the allocation is based on the income distribution for the county as a whole (with an “equity adjustment” that is currently under Subcommittee discussion), roughly 40 percent of the total RHNA allocation is typically in the very-low and low income categories. Under State law, suitable “default” densities are required to accommodate lower-income housing – either 20 or 30 units/acre depending on the jurisdiction’s population.

Malibu lost nearly 500 homes in the Woolsey Fire, the vast majority of which were single-family detached houses. None of those have yet been rebuilt; as of today, very few have been able to enter the entitlement process at all. *If SCAG’s RHNA methodology assigns replacement units to Malibu based on the number of destroyed single-family homes that have not yet been rebuilt, and those replacement units are distributed in the same manner as the City’s growth need, the result would be an allocation of about 200 high-density units to replace a portion of the single-family houses that were lost (i.e., 40 percent of 500 replacement units).*

For multiple reasons (as described in our Planning Factors Survey), including steep slopes, fire hazards, environmentally sensitive habitat, and lack of adequate water and wastewater capacity, high-density housing is infeasible in most areas of Malibu. As a result, allocating hundreds of high-density, multi-family units to replace single-family homes destroyed by fire would be an unreasonable “Catch 22” that could make it impossible for Malibu to accommodate its RHNA allocation and obtain a certified Housing Element.

It is our opinion that SCAG has the ability to craft a RHNA methodology that avoids this problem. In addition to the statutory provisions noted above, Sec. 65584.04(e) establishes the factors that SCAG shall use in its methodology for allocating the RHNA to jurisdictions. Among those factors are the following:

(1) Each member jurisdiction's existing and projected jobs and housing relationship. This shall include an estimate based on readily available data on the number of low-wage jobs within the jurisdiction and how many housing units within the jurisdiction are affordable to low-wage workers, as well as an estimate based on readily available data, of projected job growth, and projected household growth by income level within each member jurisdiction during the planning period.
(emphasis added)

Note that this factor relates to projected job and household growth, not housing needed to replace existing units destroyed.

(10) The loss of units during a state of emergency that was declared by the Governor pursuant to the California Emergency Services Act (Chapter 7 (commencing with Section 8550) of Division 1 of Title 2), during the planning period immediately preceding the relevant revision pursuant to Section 65588 that have yet to be rebuilt or replaced at the time of the analysis.

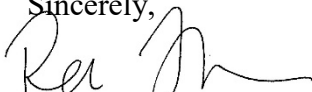
Note that this factor requires *consideration* of existing units destroyed in the methodology but does not specify that lost units must be allocated according to the same income distribution as growth need.

Recommendation

In prior RHNA allocations, HCD has typically lumped replacement need into the total regional need that must be allocated across the four income categories. The City believes that the magnitude of the recent wildfire disaster combined with the unique constraints on housing development in Malibu make that approach unreasonable for the upcoming 6th RHNA cycle. Accordingly, we respectfully recommend that SCAG adopt a RHNA methodology that allocates replacement need in proportion to the type of units destroyed, not the citywide income distribution used for growth need.

The City of Malibu looks forward to continuing to follow SCAG's work through the remainder of this RHNA process. Please contact Planning Director Bonnie Blue at (310) 456-2489 ext. 258 if you have questions or would like to arrange a meeting to discuss this matter further.

Sincerely,


Reva Feldman
City Manager

cc: Bonnie Blue, Planning Director