



City of El Segundo

Planning & Building Safety Department

August 26, 2019

Ms. Ma' Ayn Johnson
Southern California Association of Governments
900 Wilshire Blvd., Suite 1700
Los Angeles, CA 90017

Re: Proposed RHNA Methodology

Dear Ms. Johnson

The City of El Segundo appreciates the opportunity to provide written comments to the Southern California Association of Governments regarding the proposed RHNA allocation methodologies. Of the three options being considered, Options 1 and 2 would result in an allocation that is far above any previous allocation (by a factor of 10x for Option 1 and 14x for Option 2 over 5th Cycle allocation). Either of these options is absolutely unattainable without sacrificing commercial and industrial land to residential uses. Any encroachment into these areas for residential development would have immediate detrimental impacts to the regional economic engine that El Segundo houses within its borders.

Option 1 uses a dual approach to calculating a jurisdiction's share of the regional allocation. The first part is Projected Need that is based on past permitting as a share of the total permitting activity of the region. The second part is for Existing Need and is much more complex. Existing Need is calculated by first subtracting the Projected Need from the total regional allocation. Then 70 percent of that number is assigned to Existing Need Due to Population Share, 20 percent to Existing Need Due to High Quality Transit Area Population Share. The remaining 10 percent is for Existing Need Due to Recent Building Activity. This last one is designed to penalize jurisdictions that underperformed the average of the region.

Taking Projected Need first, this is derived from future growth estimates allocated to each jurisdiction over a 10-year period as determined by the State Department of Finance. Added to this number are opportunities for units on vacant lots. This is a reasonable baseline based on historic trends and known opportunities.

The second part, however is more problematic. First, there is no accounting for the degree that a community is built out. El Segundo, for example is assigned 521 units based on the city's share of the regional population, which is a very small 0.09%. Nevertheless, only three vacant residential lots were identified in El Segundo, each in a single family zone. At best, with an ADU on each lot, that would be 6 units. There are no vacant multi-family lots currently, and a recent study of 5 blocks of R-3-zoned lots found only 5 lots with realistic potential to be recycled when the density is increased from 27 to 50 per acre. The net gain over 18 acres is predicted to be only 30 units on these five lots.

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Mayor
Carol Pirsztuk,
Mayor Pro Tem
Dr. Don Brann,
Council Member
Chris Pimentel,
Council Member
Scot Nicol,
Council Member
Tracy Weaver,
City Clerk
Crista Binder,
City Treasurer

Appointed Officials:

Scott Mitnick,
City Manager
Mark D. Hensley,
City Attorney

Department Directors:

Barbara Voss,
Deputy City Manager
Joseph Lillo,
Finance
Chris Donovan,
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Charles Mallory,
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Assuming the sample is fairly representative of the conditions in R-3 areas throughout the city, rezoning all R-3 lots up to 50 units per acre would yield less than 200 net new units. This is almost doubling the density of the multi-family districts and gaining less than half of the proposed Expected Population Need under Option 1. Doubling the density in the multi-family zone is not politically realistic even if it were to fill the RHNA need. To fill the gap the city would need to consider rezoning single family or duplex zones or allowing residential developments in commercial and industrial zones. Both of these options will likely result in increased infrastructure construction and expenditures on public services while simultaneously reducing tax revenues.

The calculation for Existing Need is made worse by including an additional number of units based on past residential permitting per capita. A jurisdiction with a lower than average rate of residential permits is assessed more units. It is unreasonable to tack on an additional load of units based on being below average for the region because small coastal communities, such as El Segundo, are fully built out so opportunities for issuing permits are constrained by the lack of available land. Although it may be perceived that cities that underperform the average in issuing permits put up obstacles or otherwise discourage residential projects, El Segundo allows multi-family development by-right at 27 units per acre, which is higher than HCD requires for considering a zone developer friendly. The city's development standards are reasonable, including parking and building height, yet the city cannot issue permits at the average of the region because it competes with jurisdictions that have land to build on.

Option 2 is actually worse for small cities. This option simply takes the regional allocation and divides it according to existing population share. Again, this method creates an unfulfillable obligation for jurisdictions that have no available land to build on.

Option 3 is the only one that works for jurisdictions that are built out. Under this option, El Segundo receive an allocation above 160, but likely below 200. As described above, rezoning all R-3 lots to 50 units per acre will likely gain slightly under 200 units using a realistic modeling process. However, that is a major lift for a city to nearly double the density in its most dense zone. Raising the density from 27 to 40 is potentially feasible and this would likely result in about 100 net new units. The remaining allocation could then be addressed through the introduction of mixed use in selective areas, expanding live-work opportunities where appropriate, encouraging ADUs, and adopting inclusionary housing policies—all of which are being considered by El Segundo in preparation for the 6th cycle.

In conclusion, applying RHNA allocations to built-out cities that are 3.5 to 5 times higher than possible to achieve, such as proposed by Options 1 and 2, set those cities up for inevitable failure. Options 1 and 2 seem to have implied biases built into the models that suggest cities that have not been able to meet past RHNA allocations, or that are below average in housing production, are somehow responsible for that situation and should take a disproportionate share of the burden in the next round. Although there are certainly examples of such defiance, there are also legitimate reasons for many jurisdictions to not be able to achieve their goals. Being a built-out city with no land to expand residential developments is one example. Options 1 and 2 overestimate the Existing Needs and results in exceptionally unrealistic allocations to cities like El Segundo. The City of El Segundo, therefore supports Option 3 as the only reasonable alternative.

Sincerely,



Sam Lee
Director of Planning and Building Safety