

August 31, 2019

Honorable Bill Jahn
President, Regional Council
Southern California Association of Governments (SCAG)
900 Wilshire Blvd., Suite 1700
Los Angeles, CA 90017

Re: Regional Housing Needs Assessment (RHNA) Allocation Methodology

Dear President Jahn,

The undersigned professors in the fields of planning and public policy across Southern California write to urge the Regional Council to adopt a regional housing needs assessment (RHNA) allocation formula that is based on objective measures, and that aligns with the stated goals of both the Housing Element Law and RHNA. These are:

- Equitably increase the region's housing supply and the mix of housing types, tenure, and affordability in all cities and counties;
- Promote infill and efficient development patterns, socioeconomic equity, environmental and agricultural resource protection, and GHG reduction;
- Promote a better jobs/housing fit throughout the region, particularly for low-income workers;
- Balance disproportionate household income distributions;
- Affirmatively further fair housing.

The draft RHNA allocation methodology released by SCAG on August 2nd does not align with the statutory objectives outlined above. SCAG presents three allocation options, two of which (Options 1 and 3) are based on local inputs. Local inputs are the way SCAG has allocated RHNA numbers in the past, but local inputs are not objective measures. Option 2 uses objective measures (population share and access to transit), but these are inadequate factors according to the goals of the statute.

In this letter, we first explain why using local inputs works against the goals of Housing Element Law, then outline a set of factors that should be used in a RHNA methodology to align with the State's goals of social equity and environmental sustainability.

Local inputs are projections of household growth under current zoning. Using them as a basis for RHNA works directly against environmental and social goals because cities in Los Angeles County and Orange County closest to abundant job opportunities are

mostly "built out" under existing zoning, and therefore have a relatively low projected household growth. These cities could accommodate much housing by rezoning some of their land, but Options 1 and 3 take local zoning as given, leaving these largely-affluent cities free to constrain their own growth. Because housing need still has to go somewhere, this method assigns most housing to where it is needed least. It pushes housing to parts of the region with fewer jobs, adding to regional congestion, increasing emissions and damaging air quality and quality of life.

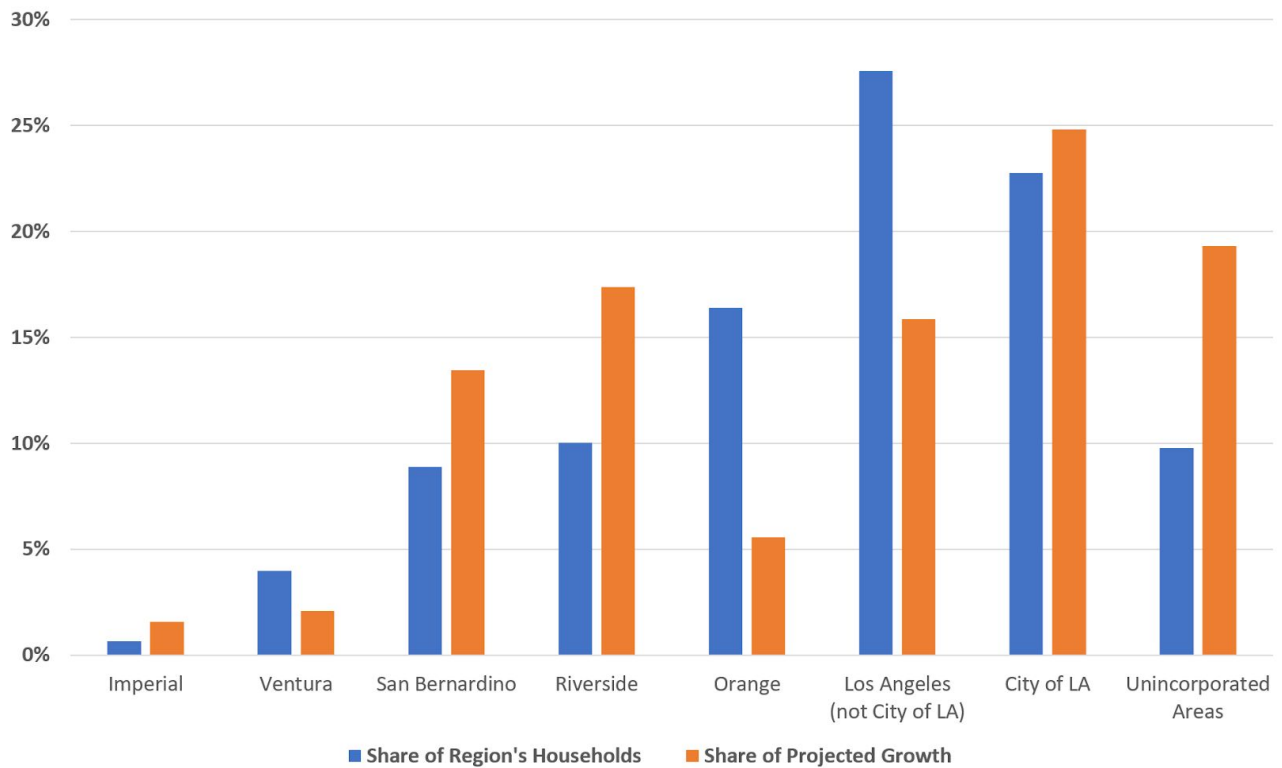


Figure 1. Share of Region’s Households and Projected Growth (basis for RHNA under Option 1 and 3)

Source: Columns D and K of “Projected Household Growth”, page 137 SCAG Agenda Packet, July 22

Figure 1 demonstrates the regional imbalance built into Options 1 and 3. RHNA should push for more low-income housing in high opportunity cities, but using local inputs does the opposite. Outlying places with lower shares of regional population are consistently assigned higher shares of projected growth. Reliance on local inputs pushes housing growth to the cities farthest from job opportunities - which have land to build on, and thus higher projected household growth.

Instead, we propose that SCAG allocate housing need using objective measures consistent with the goals of advancing environmental sustainability and social equity. We suggest SCAG use a combination of the following factors:

1. **Regional share of housing units** (cities are assigned housing need in proportion to their size),
2. **Housing costs** (more expensive cities are assigned more housing need),
3. **The share of multifamily housing** (cities with less multifamily housing are assigned more multifamily housing need),
4. **The share of subsidized housing** (cities with less subsidized housing are assigned more housing need),
5. **Access to high quality transit** (cities with more access to transit are assigned more housing need)¹,
6. **The ratio of jobs to housing** (cities with high jobs/housing ratios are assigned more housing need), and
7. **Jobs within a short commute** (cities with more job accessibility are assigned more housing need).

These factors can be combined in different ways, but we suggest substantial weight be based on housing factors (2-4) and jobs access factors (6-7).

An alternate approach to the formula from Option 2 would be to start with cities' regional housing unit share as a base allocation. Then, this number would be adjusted upwards or downwards separately based on the other six factors above. For each factor, the allocation would go up or down by a percentage (e.g. up or down by 15%) depending on the city's value of that factor relative to the region. For example, if a city's share of regional housing units is X%, but its jobs to housing ratio is the highest in the region, its allocation would increase by 15%. If the jobs housing balance is exactly the 25th percentile of the region, its allocation would decrease by 7.5%. Cities at the median would not have their allocation adjusted.

¹ The current proposal to use the *population* share in a HQTAs is not the best way to use HQTAs because it allocates less housing to cities without residential zoning (or low density zoning) near transit. We suggest using land area in a HQTAs instead.

This approach has the benefit of easily incorporating factors like housing costs. And it would ensure some limits on the RHNA number relative to city size. In the example above, where the number would change by up to 15% for each factor, by definition no city would get less than 10% of their housing unit share or more than 190%.

Most importantly, using these objective measures - with a strong social equity adjustment to the distribution of need by income category described below - would allocate regional housing need in a way that advances environmental sustainability, and affirmatively furthers fair housing in the region.

The social equity adjustment is also an important issue. This adjustment is used to modify RHNA allocations by income category--to assign higher numbers of lower-income need to relatively more affluent jurisdictions. For example, past practice has been to increase high income cities' share of low-income units by 10% - and decrease low income cities allocation of low-income units by the same factor. The size of this adjustment should be increased significantly.

It is important to note, however, that the social equity adjustment will not be an effective way to ensure high-income cities zone for anything but a trivial amount of low-income housing. If high opportunity cities have a low total RHNA number, the social equity adjustment will have a limited impact. A 10% - or 50% - adjustment of a very low number is still a very low number. The initial approach to allocating housing need is more consequential for increasing access to areas of high opportunity.

A RHNA allocation that actually matches state goals is important. RHNA numbers are increasingly consequential (e.g. under laws like SB 35) and the state assesses housing production according to RHNA targets as a measure of housing need. Thus assigning high RHNA numbers to cities with low housing demand unfairly punishes them, as they are less likely to meet these production targets for reasons beyond their control. In the same way, assigning low RHNA numbers to cities with high housing demand unfairly rewards them for meeting easily obtained goals. Moreover, assigning higher RHNA numbers to cities with higher demand for housing will lead to more housing production overall (see separate technical note for an explanation and evidence of this fact).

For too long, California's fair housing law and regional planning process has been a paper exercise. A process of aggregating the preferences of cities is not regional planning, and if SCAG continues to assign housing needs as they have in the past not only will it fail to accomplish goals of furthering fair housing, promoting sustainable infill development, and accommodating people of all incomes in the region, but it will also

mandate housing sprawl and unfairly burden the least well off cities in the region. The time to change this process is now.

Sincerely,

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