

Regional Housing

From: Barbara Broide [REDACTED]
Sent: Wednesday, September 4, 2019 8:11 AM
To: Regional Housing
Subject: Comment Letter: 6th Cycle Regional Housing Needs Assessment (RHNA)

Dear Southern California Association of Governments Decision Makers,

I appreciate having the opportunity to participate in the discussion surrounding the establishment of the methodology for determining the 6th Cycle RHNA for our region as well as to provide comment on the proposed housing goals. Thank you for reaching out to the public.

I fully understand the need to incentivize the creation of new housing units in California --and especially for affordable and workforce housing. In Los Angeles, we have seen the newly created Transit Oriented Communities program (TOC) provide significant "bonus" incentives to developers which is fueling a construction boom in the area. However, all is not well as we survey the types of housing being built. In Downtown Los Angeles and in areas across the City we are seeing the construction of luxury and higher-end market rate housing. Small numbers of low income units are provided with the TOC projects, but the overwhelming numbers of units created are neither workforce nor affordable units. We see a bare minimum of low income units in exchange for privileges that are out of place and insensitively designed. (And communities have no opportunity to participate in conversations that would improve the projects for their neighbors and future residents because the program grants significant entitlements "by right." Even the small lot subdivision program established by Los Angeles has been hijacked by profit-seeking developers who often demolish affordable housing to build four small-lot projects selling for many times what the property was purchased for. And, when new housing is priced high, its very presence ends up increasing the overall rents and land values in the area. Thus, a vicious cycle ensues of accelerating housing costs. Those familiar with land use zoning in Los Angeles know that there is ample land zoned for multi-family housing to meet current and future (Cycle 6) projected needs. It is just that the builders would rather build their projects where profits can be maximized for investors. Instead of hoping for a few low income units after having provided significant bonus densities to "for profit" builders, it is time to focus on creating more specific incentives and financing tools for non-profit housing developers who have a history of providing much-needed low income and affordable housing. There are solutions available other than allowing developers to shape the future of our cities. As you likely can surmise, I am opposed to Sacramento's attempts to take away local city responsibility for zoning/land use decisions.

I trust that SCAG will work with our local cities to deliver realistic sustainable housing goals while working to create financing and other needed incentives for true affordable housing development. As you look at possible housing goals, it is important to remember that in the past these goals were sometimes used as a basis for cities to receive targeted funding (state grants). As a result, 5th Cycle goals in some cases may have been inflated for the purpose of obtaining such funds. Using inflated figures as a basis for the 6th Cycle would be unwise. For the 6th Cycle, I would like to make the following suggestions:

- **Please ratify SCAG's original RHNA goal of 430,000 units by 2029 and reject the State HCD's greatly-inflated 1.3 million target**

The Department of Housing and Community Development (HCD) has recently determined a minimum 6th Cycle housing need for the SCAG region of over 1.3 million units. It appears that the HCD determination greatly overstates the actual housing needs of our region. It is a political reaction to the accepted wisdom in Sacramento that California needs to build "3.5 million homes by 2025". But this oft-quoted number (which has been relentlessly promoted by pro-developer special interest lobbyists) has no basis in reality. In short:

The 3.5 million figure originates from a 2016 report by McKinsey & Company, which argued that California's housing goal should be to equal the housing-units-per-capita of New York State. This makes no sense because California's demographics and housing formations are vastly different than New York's.

A recent report by the Embarcadero Institute exposes the fundamental flaws in the McKinsey model. It is an important study: <https://embarcaderoinstitute.com/wp-content/uploads/2019/07/Californias-3.5M-Housing-Shortage-Number-Faces-Questions.pdf>

More sensible and realistic models (including HCD's own forecast) indicate that California's additional housing need by 2025 is around 1.1 million - less than a third of the mythical 3.5 million number that underpins current State housing policy.

It follows that the real housing need number for the SCAG region is less than a third of the HCD's latest 1.3 million determination. In other words, SCAG's original RHNA of 430,000 is probably just about right.

- **With a realistic RHNA figure in-place, please use proposed Methodology 1 to determine housing needs allocations**

A key component of housing needs allocation for our region must be use of local inputs. This basic requirement rules out your proposed Methodology 2.

Of the remaining two options, Methodology 1 appears to offer the most reasonable and appropriate way to calculate housing allocations by city.

- **Increase targets for low and moderate-income housing, reduce luxury housing targets**

The most urgent housing issues facing our region are homelessness and affordability. While developers seem most interested in building market-rate (aka luxury) housing, the real need is greatest for low and moderate income housing. And it is important that the breakdown of RHNA totals for each city by income bracket reflect this need.

Of the four income brackets in your current methodology proposals, the largest target is set for "above moderate income" housing, at around 45% of the total. This figure is too high. Please consider reducing this to around 20%, with corresponding increases in the targets for low and moderate income housing.

In closing, I would like to add one additional related topic of discussion. As a result of the two voter measures that provides significant funding for the construction of new public transit routes, there are great hopes that more and more Angelenos and those that live in proximity to Metrolink and other transit providers will rely on public transportation for their commuting needs as the system matures. Current land use policy and proposed legislation provides significant density bonuses for projects constructed in proximity to transit. Those projects enjoy relaxation of rules

related to required open space, density, setbacks and parking while being entitled to seek added incentives. While those residents are assumed to be using transit, no one knows the behavior of those who live in transit-oriented or transit-adjacent housing in Southern California. (Data based on other cities may prove to be entirely irrelevant.) In order to be able to plan effectively for successfully implemented growth, each city needs to have data which reflects the true experience of those living in their transit-related developments. Could SCAG work with the cities to define language for a reporting requirement to be placed on all such projects to allow for the gathering of data from property owners/management. The reporting should include the numbers of units in a property, the number of parking spaces, the number of parking spaces used by tenants (bundled or unbundled), the number of bicycle parking spaces, the number of bike spaces used, etc. Information gathered from residents of these buildings that seeks to determine the level of transit use, whether monthly passes are used, source of passes (employer, housing source), if transit pass was purchased at discount or individually bicycle or vehicle ownership, etc. We need to understand how Southern Californians behave when they have the option to live near transit.

As government seeks to provide incentives to build housing near transit, it is important to remember that if all the land near transit is used for housing, it will become harder and harder for those living near transit to access their jobs using transit. Community planning is much more complex than setting goals and creating benefits or penalties for cities. In truth, cities do not build housing. Developers build housing and do so in locations where they can maximize their profits. If government wishes to incentivize the construction of affordable and workplace housing then it will be necessary to develop financing tools for use by those builders with a commitment (and hopefully a track record) to build such projects. There are proven non-profit developers who can meet the challenge and who will respect the fabric of our communities in their work to provide much needed housing. Working with them to address the impediments they face will benefit us all.

Sincerely,

Barbara Broide

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