Regional Housing

Dear Southern California Association of Governments,

I submit the following comments and suggestions on the 6th Cycle RHNA for our region:

Please revert to SCAG's original RHNA of 430,000 units by 2029 and reject HCD's hugely-inflated 1.3 million determination

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. I believe 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. Here's why:

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. Please take the time to read it here: 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 surely 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 way too high. Please consider reducing this to around 20%, with corresponding increases in the targets for low and moderate income housing.

Respectfully,

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