



CITY OF MURRIETA

September 5, 2019

The Honorable Peggy Huang, Chair
RHNA Subcommittee
Southern California Association of Governments
900 Wilshire Blvd, Ste. 1700
Los Angeles, CA 90017

RE: 6TH CYCLE REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) ALLOCATION

Dear Ms. Huang,

The City of Murrieta welcomes the opportunity to provide SCAG written comments on the RHNA methodology. The City appreciates SCAG's efforts to carefully consider the drafting of the allocation methodology and the various regional planning staff and committee members who spent their time participating in this important public process. The attached comment letter dated September 3, from our Development Services Director to the WRCOG outlines our local input and position on the three options being considered.

The City of Murrieta has, and will continue to shoulder its fair share of the region's housing needs. However, irrespective of the allocation methodology selected, HCD's RHNA allocation of 1,344,740 total units for our metropolitan area is alarming and presents serious concerns for our City and the region.

The units assigned in this process should be equitable, achievable and result in sustainable development. Yet, it seems that the state is attempting to address several decades of housing production deficiencies in a single eight-year housing cycle and requiring the local jurisdictions to figure out how to get it built. Unfortunately, this approach does not take into consideration whether the market can realistically absorb such high housing production goals. Furthermore, requiring almost one million more homes be built in such a short time period fails to take into consideration the current job/housing imbalance many cities are experiencing or the need for additional essential infrastructure and services (i.e., transit, roads, utilities, fire, police, schools) that will obviously be required to accommodate the significant housing allocations being assigned.

Therefore, before submitting SCAG's draft RHNA methodology for review to HCD, the City of Murrieta recommends that SCAG appeal the regional determination number provided by HCD as we believe SCAG has substantial basis to do so and that HCD should reconsider the need determination.

Thank you and should you have any questions, please feel free to contact me directly at KSeyanto@MurrietaCA.gov or via phone at 951-461-6019.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kelly Seyarto".

KELLY SEYARTO
Mayor, City of Murrieta

Attachment: Letter to WRCOG dated September 3, 2019

cc: Kim Summers, City Manager
Ivan Holler, Assistant City Manager
Jeff Murphy, Development Services Director
Jarrett Ramaiya, City Planner
Carl Stiehl, Senior Planner



City of Murrieta

Revised

September 3, 2019

VIA EMAIL AND MAIL
cgray@wrcog.us

WRCOG
Attn. Chris Gray
Director of Transportation & Planning
3390 University Ave. Suite 450
Riverside, CA 92501-3315

SCAG'S REGIONAL HOUSING NEEDS ASSESSMENT ALLOCATION METHODOLOGY 6TH HOUSING CYCLE

Dear Director Gray:

The City of Murrieta appreciates the Western Riverside Council of Governments (WRCOG) willingness to extend the comment period on the draft Southern California Association of Governments (SCAG) RHNA methodology options in light of the State's recent letter to SCAG indicating the minimum regional need determination of 1,344,740 total units. This letter is an updated version of our August 23 letter.

It is alarming to review the RHNA options calculator provided by SCAG with the minimum need determination provided by the State as there are great disparities between the three options being considered. This would seem to exacerbate an already difficult situation for our local jurisdictions by indicating that a given city's allocations may differ by thousands of assigned units depending on the option that is ultimately selected. This makes for an uncertain and difficult initial planning phase as cities are currently beginning their housing element process with a wide range of potential housing needed. Many cities may need to delay until later in the process than planned, since thousands of units can make a substantial difference to the potential extent cities will need to go to accommodate the allocation they receive.

We want to stress that the City of Murrieta is an active partner in this process and is willing to take on its fair share of the region's housing needs; however, it is important for the City, as well as for all of the partnering jurisdictions that HCD's assigned RHNA number, and SCAG's methodology allocation is *equitable, achievable, and results in sustainable development*.

A. APPROACH

The RHNA process requires that SCAG develop a methodology on how the regional housing needs, as provided by the State Housing and Community Development (HCD) will be allocated to its member jurisdictions. While HCD allows flexibility in establishing the methodology, State law requires that the methodology further five objectives of the RHNA:

- ✓ Increasing housing supply, mix of types, tenure and affordability in an equitable manner
- ✓ Promoting infill development, socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient

development patterns, and the achievement of the region's greenhouse gas (GHG) reduction targets

- ✓ Promoting an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers
- ✓ Allocating a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category
- ✓ Affirmatively furthering fair housing

RHNA numbers have become increasingly far-reaching given the state's housing crisis and in recent legislative sessions new laws have been passed to help streamline and encourage more housing production. As an example, SB35 allows for a "by-right" entitlement process if certain RHNA numbers are not met. Therefore, the State has shown that it assesses housing production according to the RHNA targets as a valid measure of housing need.

As such, a balanced methodology, consistent with the aforementioned objectives, that is equitable to all jurisdictions with careful consideration of local input is a reasonable approach to RHNA. There has been a deliberate tactic to the methodology that SCAG followed in the 5th Housing Cycle that yielded RHNA numbers that were aggressive, but attainable for most WRCOG member agencies. The options for the RHNA methodology being considered by SCAG for the upcoming 6th Housing Cycle are not entirely consistent with past approaches to assigning housing numbers and therefore require careful consideration.

As presented, SCAG has drafted three different options to the methodology that represent different approaches to allocating housing needs in our region. Given the current situation with the need for more housing in the State, the selected methodology should weigh the best option that would assign housing where it is most needed, most appropriate, and most likely to be constructed.

B. OPTION THREE

Proposed Option Three is most similar to previous approaches to fair housing unit allocations in past housing cycles. This option considers local input as the main factor for RHNA distribution. Option Three meets objectives important to our local communities as it includes the factors of the percentage share of the region's projected population growth, need due to local input, a vacancy adjustment and replacement need. These are important factors to consider coming out of the most recent housing cycle given the current shortage of housing in the State.

This option further utilizes the data that was collected from the local input process, including the projected household and population growth that is the basis for the Connect SoCal 2020 Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) --- the region's long-range visioning plan that balances future mobility and housing needs with economic, environmental and public health goals. This best reflects opportunities and constraints at the jurisdictional level, including preserving open space and agricultural resources and strategies to help reduce regional GHG emissions.

The inclusion of local input to help determine projected household growth allows for the RHNA allocation to accommodate local efforts in meeting regional housing objectives, including recent efforts by local communities to facilitate development following the recession. Concurrently, inclusion of local input on projected household or population growth ensures that the resulting RHNA allocation is consistent with the development pattern of the RTP/SCS, which is an important regional effort that aligns with the State's objectives of the RHNA allocation and the State's goals to facilitate housing development on a local level.

While the City has significant concerns with HCD's extremely high RHNA allocation of 1,344,740 total units and the unlikelihood that such housing numbers can be achieved and sustained given existing and planned infrastructure and services, the City of Murrieta supports this option over the other two. However, refer to the "conclusion" section for more on the City's overall concerns.

C. OPTION TWO

Proposed Option Two is an approach that is overly simplistic in that it only looks at two factors: population share and proximity to transit areas. A critical factor missing in this option is the RTP/SCS. As discussed above, the RTP/SCS embodies a collective vision for the region's future and is developed with input from local governments, county commissions, tribal governments, non-profit organizations, businesses and local stakeholders within our region.

Significant local and regional resources have gone into the RTP/SCS with the result being an important planning document for the region with a combination of transportation and land use strategies. This helps the region achieve state GHG emission reduction goals and federal Clean Air Act requirements, preserve open space areas, improve public health and roadway safety, support our transportation industry and utilize resources more efficiently.

To simply ignore this information is dangerous as it could result in housing goals inappropriately being assigned to jurisdictions that lack the transportation and service infrastructure needed to successfully accommodate a significant increase in allocated housing units. Assigning housing based primarily on population share ignores and potentially exacerbates many of our existing regional problems, such as the current housing/jobs imbalance many local cities experience that can result in even higher commute times outside urban core areas. This option has the potential of conflicting with the state's goals on reducing GHG and VMT. As such, the City does not support this option.

D. OPTION ONE

While Option 2 is overly simplistic, Option 1 is complicated with a multistep process for calculations that do not weigh local input as well as Option 3. As a result, this option results in more housing being assigned in the low income categories based on existing need to cities that have actually been developing housing. This option separates existing need and projected need from the regional determination with: 1) 70 percent of existing need assigned to jurisdictions based on regional population share; 2) 20 percent assigned to jurisdictions based on their share of regional population within transit areas; and, 3) 10 percent assigned based on regional building activity.

After adjusting for social equity, existing housing need is assigned to only very low, low, and moderate income categories (not above moderate, market rate). For projected need, household growth based on local input using the integrated growth forecast with market conditions and demand is used as the main factor and then a different higher social equity adjustment than existing need is applied. To determine a draft total RHNA allocation, existing need and projected need are then combined. Calculating existing need and projected need separately and then combining them needlessly over complicates the process.

Using existing need due to population share and existing need due to recent building in this option could unfairly impact those communities that have made concerted efforts to streamline and facilitate development in recent years. Manipulating different social equity adjustments between the existing and projected needs makes each more complex. As a result of this different social equity process, assigning more in the low income categories to cities that have actually been developing market rate housing may result in low income housing being assigned to regional areas where it is in less demand now and in the future. This also results in assigning more market rate housing in areas where it is already difficult to develop and where redevelopment is more feasible.

This could mean that a local city that did well in increasing more housing in the previous 4th cycle or the current 5th cycle, will be assigned more numbers than those cities that have not been focusing on their fair share of housing. This is unfair to many cities and is a counter-productive approach to rewarding those that shouldered more of the burden for our regional housing.

Another consideration is that it may be more difficult for these types of local cities to sustain a higher rate of development since they have developed significantly in the past two cycles and have had the development growth rate flatten, running out of space to accommodate new development. Consequently, redevelopment may be difficult to achieve in these areas given that many developed areas have relatively new housing stock with new residents. This option weighs heavily on objectives related to transit and assigning low income categories, but lacks in adequately addressing and considering other noted RHNA objectives. As such, the City of Murrieta does not support this option.

E. CONCLUSION

Because of the extraordinarily high RHNA allocation of 1,344,740 units for this region, the draft methodologies do not adequately take into account the lack of existing or planned infrastructure, market demands, job/housing imbalance, or the need for additional essential services (i.e., transit, roads, utilities, fire/police, schools) to accommodate the significant housing allocations that are being generated under each option.

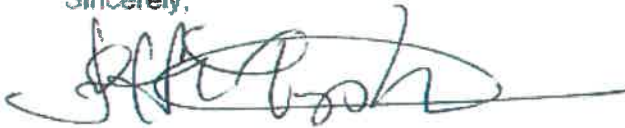
The City finds that the RHNA allocation (and as a result the options) do not comply with the previously mentioned HCD housing objectives where housing should be assigned to areas that can best accommodate infill development, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas (GHG) reduction targets. Assigned housing should promote an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers. The City finds it imprudent to

select an option that assigns thousands of housing units to each jurisdiction to plan for in areas that do not properly take these factors into consideration.

As stated at the beginning of this letter, the City of Murrieta is an active partner in this process and is willing to take on its fair share of the region's housing needs; however, it is important for the City, as well as for all of the partnering jurisdictions that HCD's assigned RHNA number, and SCAG's methodology allocation are *equitable, achievable, and results in sustainable development*. We do not find that the RHNA allocation (and as a result SCAG's methodology options) adequately meet this test.

The City again appreciates the opportunity to provide input into the RHNA process to WRCOG and should you have any questions, please contact me at jmurphy@murrietaca.gov or via phone at 951-461-6060.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Murphy", with a long horizontal line extending to the right.

JEFF MURPHY, Director
Development Services Department

cc: Kelly Seyarto, Mayor
Kim Summers, City Manager
Ivan Holler, Assistant City Manager
Jarrett Ramaiya, City Planner
Carl Stiehl, Senior Planner