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September 10, 2019

Honorable Peggy Huang, Chair
RHNA Subcommittee
Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

SUBJECT: Regional Housing Needs Assessment – Proposed Methodologies

Dear Honorable Peggy Huang and RHNA Subcommittee Members:

On behalf of the South Gate City Council, I am writing to express our significant concerns over the three methodologies for allocating housing units as part of the sixth cycle Regional Housing Needs Assessment (RHNA). Applying the housing unit allocations recently released by the State, the three options would result in a RHNA allocation for South Gate that is over 550% of the City's fifth cycle RHNA.

The proposed methodologies currently under consideration by SCAG do not include critical factors such as a city's population density and status as a disadvantaged community from an environmental justice perspective.

The City of South Gate is a working class city of 96,000 residents with a density of greater than 13,000 residents per square mile. South Gate, along with our neighboring cities of Maywood, Bell, Cudahy, and Huntington Park are all included in the top 15 most dense cities in the State and South Gate ranks 70th in the entire nation (out of 19,000+ cities) in density.

Furthermore, the California Environmental Protection Agency (CalEPA) has designated the City of South Gate as part of the "Disadvantaged Communities" list which make up 25% of the highest scoring census tracts with socioeconomic, public health and environmental hazard criteria. The City of South Gate has been identified to be disproportionately impacted by environmental pollution and

other hazards that can lead to negative public health effects, exposure, or environmental degradation. CalEPA and the Office of Environmental Health Hazard Assessment (OEHHA) has also identified South Gate to fall in the bottom 5th percentile of cities with the most potential for health risks stemming from pollution. An increase in housing density in these and nearby areas has the potential to negatively exacerbate the existing and formidable health problems faced by our residents.

Attached is a letter from the City's Community Development Department that provides a detailed discussion of these and other technical concerns that we urge you to address prior to selecting an allocation methodology.

We greatly appreciate your consideration of these factors in order to address the already densely populated and disadvantaged communities. If you have any questions, please feel free to contact Joe Perez, the City's Community Development Director, at (323) 563-9566.

Sincerely,

Jorge Morales
Mayor, City of South Gate

Attachment: RHNA Letter from the Couth Gate Community Development Department dated September 10, 2019

City of South Gate

Community Development Department
Joe Perez, Director of Community Development
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September 10, 2019

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

Re: Regional Housing Needs Assessment (RHNA) Methodology – Three Options

On July 22, 2019, SCAG RHNA Subcommittee was briefed by staff regarding the three different methodologies for distributing the RHNA. On August 1, SCAG released the Final Proposed Allocation Methodology for public comment. The City of South Gate appreciates the opportunity to submit this comment letter to the RHNA Subcommittee regarding the Proposed Allocation Methodology for the region and all its member jurisdictions.

Under the three proposed allocation methodologies, using HCD's RHNA determination (released August 22, 2019) of **1,334,740,** the City of South Gate could receive a 6th cycle RHNA as follows:

- Option 1: 7,971 units
- Option 2: 8,179 units
- Option 3: 7,014 units

Any of these options would result in a RHNA allocation that is over **550 percent** of the City's 5th cycle RHNA (1,262 units). An allocation of this magnitude is completely unacceptable, especially considering South Gate is primarily a low income community with a predominantly minority population, and a tremendous population density of 13,000 persons per square mile. According to the State Department of Finance, South Gate had 24,511 households as of January 1, 2019. This RHNA allocation would increase the City's total households by up to 33 percent in eight years. This level of growth is not sustainable in a community such as South Gate. Therefore, it is critical that an allocation methodology be devised that is fair and follows sound planning principles. But foremost, we contest the Existing Needs Methodology.

Recognize Existing Density of Local Jurisdictions

Existing population density of the communities should be a consideration with distributing the RHNA. According to data provided by SCAG, the City of South Gate's population density is at 20.6 persons per acre. The City's density ranks 12th among SCAG's 197 member cities and counties.

The City of South Gate is a working class city of 96,000 residents with a density of greater than 13,000 residents per square mile. South Gate, along with our neighboring cities of Maywood, Bell, Cudahy, and

Huntington Park are all included in the top 15 most dense cities in the State and South Gate ranks 70th in the entire nation (out of 19,000+ cities) in density.

The City (at 20.6 person per acre) is 250 percent more dense than the regional average (8.3 persons per acre). As a densely populated community, the City already has higher burdens on its infrastructure and roads, open space, schools, and other services. Coupled with the City's lower income population, the City struggles to provide adequate services for its existing population.

It would be a significantly inequitable allocation if cities received any allocation with a methodology factor based on population share without taking into account density. And the State RHNA law per Government Code Section 65584 requires the RHNA allocation methodology increase housing supply "in an equitable manner."

Less dense cities would have more land area to accommodate future housing. By definition, cities with equal population size but less density (population per acre) would have a larger total city land area (assuming that any protected/non-developable areas are equal or accounted for) to address future growth demands. For instance, two cities with equal population would get the same allocation for any methodology factor using population share factor, but if one city is 250% more dense than the average SCAG density (such as South Gate), then the average lesser dense city would have 250% or 2.5 times more area to accommodate the housing than the higher density city. (Example: City A with 20 persons per acre has the same population in 100 acres [2,000 people] as City B with 8 persons per acre would have in 250 acres [2,000 people] which is 2.5 times larger land area to more easily accommodate added housing).

Consider an Environmental Justice Factor

The City of South Gate urges SCAG and RHNA Subcommittee to consider the application of CalEnviroScreen or other comparable local tool if available, to determine RHNA allocation. This well-established environmental justice mapping tool identifies those communities most affected by various sources of pollution, both mobile and stationary. This is especially critical as most High Quality Transit Areas (HQTAs) fall within the top 25 percent of the CalEnviroScreen score, which translates to "disadvantaged communities." Incorporating an environmental justice factor into the RHNA methodology will help mitigate the overconcentration of lower income households who are exposed to various health risks from pollutants.

The California Environmental Protection Agency (CalEPA) has designated the City of South Gate as part of the "Disadvantaged Communities" list which make up 25% of the highest scoring census tracts with socioeconomic, public health and environmental hazard criteria. The City of South Gate has been identified to be disproportionately impacted by environmental pollution and other hazards that can lead to negative public health effects, exposure, or environmental degradation. CalEPA and the Office of Environmental Health Hazard Assessment (OEHHA) has also identified South Gate to fall in the bottom 5th percentile of cities with the most potential for health risks stemming from pollution. An increase in housing density in these and nearby areas has the potential to negatively exacerbate the existing and formidable health problems faced by our residents.

For South Gate, 16 percent of the City's land has been developed as industrial uses and heavy truck traffic frequents the Firestone and Atlantic Boulevards, as well as along the 710-Freeway. CalEnviroScreen indicates much of the City is already exposed to high levels of environmental hazards.

Cities throughout the Gateway Cities COG region face additional challenges beyond land dedicated to industrial uses and density constraints. The majority of cities and unincorporated communities in the Gateway Cities COG region are identified as both disadvantaged and low-income communities by SB 535 through OEHHA's CalEnviro Screen 3.0 and AB 1550 through CARB's Priority Population Maps respectively, and in many cases are also in the top five-percent of the most disadvantaged locations in the state when environmental hazards, health and socioeconomic factors are considered. Environmental justice demands that we address these hazards and conditions but also informs that we cannot continue to concentrate new housing in these areas until existing infrastructure and health issues are addressed. Due to economic changes over time, many Gateway Cities are also already housing-rich and jobs-poor, meaning creation of new housing would exacerbate rather than correct jobs-housing imbalances in this region. We note that RHNA methodologies for other MPOs, including ABAG, account for employment rather than simply transit and population in determining allocations.

Estimates of Existing Needs

The City of South Gate understands that new housing bills passed in 2017 and 2018 require the inclusion of an Existing Needs component to the RHNA. However, we urge SCAG to reconsider the methodology for estimating existing needs.

Even before the 2017 and 2018 housing bills, the RHNA legislation had always included provisions to consider existing and projected need as part of the RHNA methodology. In previous cycles, the existing housing need was included within the existing demand and projected growth of the SCAG forecasts for the RTP/SCS. Any additional housing estimates on existing needs would inevitably result in double counting.

Furthermore, a separate and significant Existing Needs component would introduce inconsistencies to the RTP/SCS, when increased housing needs are not reflected in a revised RTP/SCS. From a land use perspective, the region would be planning for a significantly higher level of growth beyond the planned capacity of our transportation network.

Therefore, we urge SCAG reconsider its methodology for estimating the Existing Needs component. If a separate Existing Need component is absolutely required, the methodology should acknowledge the double-counting in the RTP/SCS.

Local Input on Growth

On October 1, 2018, the City of South Gate submitted a letter to SCAG to comment on the 2020 RTP/SCS growth forecast. Specifically, the City evaluated its historical population and household data from the State Department of Finance, and contested that SCAG's projected growth rates for the City. More importantly, SCAG is projecting population and household growth rates for South Gate that are significantly higher than for the Gateway Cities Subregion. We contested such differentials and requested revisions. However, SCAG has not made any adjustments to our growth rates as evidenced in the appendices included in the RHNA Methodology, nor did we receive an explanation as to why adjustments were not made.

Below is an excerpt from our original letter to SCAG in October 2018.

SCAG Forecast: *As shown in Table 1, between 2016 and 2045, the City population is expected to grow 17.7% (or 0.61% annually), and City households would increase by 28.9% (or almost 1.0% annually). Household growth is expected to accelerate compared to population growth.*

In comparison, the population for the entire Gateway Cities Subregion is only expected to grow at an annual rate of 0.2% between 2016 and 2045 and household growth at 0.35% (Table 2). Essentially, SCAG is projecting South Gate to grow three times faster than the Subregion as a whole. We see no evidence to justify such differentials in growth rates.

Table 1: Socioeconomic Forecast for South Gate by SCAG

SCAG - South Gate	Population	% Change	Annual	Households	% Change	Annual	Employment	% Change	Annual
2016	98,607			23,884			22,351		
2020	100,308	1.73%	0.43%	24,822	3.93%	0.98%	22,705	1.58%	0.40%
2030	105,987	5.66%	0.57%	27,232	9.71%	0.97%	23,311	2.67%	0.27%
2035	109,185	3.02%	0.60%	28,401	4.29%	0.86%	23,617	1.31%	0.26%
2045	116,040	6.28%	0.63%	30,779	8.37%	0.84%	24,584	4.09%	0.41%
Change 2016-2045	17,433	17.68%	0.61%	6,895	28.87%	1.00%	2,233	9.99%	0.34%

Table 2: Socioeconomic Forecast for Gateway Cities Subregion by SCAG

SCAG - Gateway Cities	Population	% Change	Annual	Households	% Change	Annual	Employment	% Change	Annual
2016	2,106,703			598,681			842,061		
2020	2,126,126	0.92%	0.23%	611,734	2.18%	0.55%	851,138	1.08%	0.27%
2030	---	---	---	---	---	---	---	---	---
2035	2,191,707	3.08%	0.21%	644,027	5.28%	0.35%	877,133	3.05%	0.20%
2045	2,230,525	1.77%	0.18%	659,027	2.33%	0.23%	902,964	2.94%	0.29%
Change 2016-2045	123,822	5.88%	0.20%	60,346	10.08%	0.35%	60,903	7.23%	0.25%

City Historical Growth Trends: *According to the State Department of Finance (DOF) Population and Housing Estimates, the City's population increased slightly less than 4% over eight years (0.49% annually), and the number of households increased 2.1% (0.26% annually) (see Table 3).*

Table 3: Historical Growth Trends for South Gate Based on DOF

DOF - South Gate	Population	% Change	Annual	Households	% Change	Annual	Employment	% Change	Annual
2010	94,396			23,278					
2011	95,041		0.68%	23,376		0.42%			
2012	95,192		0.16%	23,270		-0.45%			
2013	96,036		0.89%	23,378		0.46%			
2014	96,905		0.90%	23,513		0.58%			
2015	97,189		0.29%	23,525		0.05%			
2016	97,958		0.79%	23,743		0.93%			
2017	98,047		0.09%	23,761		0.08%			
2018	98,133		0.09%	23,766		0.02%			
Change 2010-2018	3,737	3.96%	0.49%	488	2.10%	0.26%			

If we apply the historical trends to the City's base population and households in 2016 (Table 4), according to DOF, the projected population and households would be less than the SCAG forecast. Table 5 shows that progressively large differences between population and households using the City's historical trends versus the growth forecast from SCAG. Based on SCAG's population and households ratio, SCAG is also projecting the average household size in South Gate would be decreasing at a faster rate than the Gateway Cities Subregion, and therefore a higher household formation rate. Again, we see no evidence to justify such an aggressive household formation rate. Therefore, we request revisions to SCAG's Core Demographic Data as shown in Table 4.

Table 4: DOF Annual Rate Applied to City DOF Population and Households for 2016

	Population	Households
2016	97,958	23,743
2020	99,897	23,992
2030	104,840	24,621
2035	107,435	24,943
2045	112,751	25,597

Table 5: Difference Between City Estimates and SCAG Forecast

	Population	Households
2016	(649)	(141)
2020	(411)	(830)
2030	(1,147)	(2,611)
2035	(1,750)	(3,458)
2045	(3,289)	(5,182)

Zoning Capacity versus Market Reality

Prior to the housing bills of 2017 and 2018, the RHNA was a planning goal not a production obligation. Then, jurisdictions were required to make sure their land use policies and zoning provisions provide adequate capacity for the RHNA. The City of South Gate worked hard to comply with that obligation and updated its General Plan and Zoning Code to facilitate high density and mixed use developments along transportation corridors. However, with the changes in State law, having land use capacity would not achieve full compliance.

As properties identified in the Housing Element sites inventory are developed or redeveloped, jurisdictions must ensure that its sites inventory continues to have the capacity to accommodate its remaining RHNA by income level. Since affordable housing almost never materializes without substantial public assistance, jurisdictions – especially those experiencing and fostering housing production – must continue to replenish their sites inventory with properties designated for high density use.

Requiring local jurisdictions to designate significant amounts of high-density land may also result in backlashes from communities. We urge SCAG and the Subcommittee to work closely with HCD so that the existing need component could be phased over three Housing Element cycles.

The City has generous and flexible development standards. Nevertheless, between 2014 and 2018, only 315 units were constructed in the City, an average of 63 units per year. Each of the proposed RHNA allocation methodologies calls for a production level that is 14 to 16 times the City's current trend.

South Gate is a primarily low income community. Its location near heavy truck traffic and existing industrial uses also lend the City to competitive disadvantage for quality and experienced developers. A RHNA allocation that does not take into account the City's current market conditions sets the City up for failure.

Validate Local Input Data

Many jurisdictions seem to have submitted inconsistent local data, showing contradicting trends of construction activities and projected growth. Jurisdictions that reported significant building permit

activity but projected limited future growth should be identified, and their local input data verified and inconsistencies resolved or explained. Such contradictions, if uncorrected, would allow these jurisdictions to receive favorable treatment in the methodology.

Jobs to Housing Ratio

According to the most recent SCAG Regional Transportation Plan (2016), South Gate had a Jobs-to-Household Ratio of 0.88 in 2012. This indicates that there were only approximately 0.88 citywide jobs per South Gate household, lower than most of its neighbors except Lynwood. The City is striving to expand its employment opportunities for its local residents, who are primarily low income. A RHNA allocation that is 14 to 16 times the City's current production trend would set the City further behind in achieving a jobs-housing ratio that is more sustainable and equitable for its population.

	Jobs (2012)	Households (2012)	Jobs-Housing Ratio
Compton	25400	23100	1.10
Downey	47500	33900	1.40
Huntington Park	15600	14600	1.07
Lynwood	9200	14700	0.63
Pico Rivera	18900	16600	1.14
South Gate	**20400**	**23200**	**0.88**
Source: SCAG 2016 RTP/SCS			

Phasing Obligations from Existing Needs Over Three Housing Element Cycles

The existing needs component of the RHNA is substantial, as shown in SCAG's estimates. This is a result of decades of under-production, especially in the multi-family housing construction and affordable housing. While it is important to address existing housing needs, as mandated by State law, the City of South Gate would like to stress the infeasibility of rectifying this housing shortage over the eight-year Housing Element planning period, in addition to the projected needs component.

Most General Plans have a 20-year planning horizon. Communities when updating their General Plan generally recognize the need to accommodate at least two Housing Element update cycles within the General Plan period. While many communities have planned for such capacity in their General Plan updates, this amount of growth is expected to occur over the long term, coordinating with long-range plans for services, public facilities and infrastructure improvements.

Another challenge is the State's increased standards for adequate sites (AB 1397) to accommodate the RHNA. Specifically, non-vacant sites for the RHNA are subject to more stringent and difficult criteria for evaluating feasibility, such as likelihood of existing uses being phased out, deteriorating building conditions, high turnover rates, intent of property owners, and/or interest of the development community. Communities such as South Gate, where there is limited vacant land, must rely on recycling of non-vacant properties to accommodate the RHNA. This burden of proof required under State law can be extremely onerous.

Furthermore, many existing operations may be considered marginally operating from a pure economic perspective. However, we question the wisdom or environmental justice for requiring the City to facilitate such massive recycling of existing neighborhoods in just eight years. The impacts of gentrification and displacement should be considered. Instead, we recommend the existing need be phased over three Housing Element cycles to allow existing neighborhoods to organically evolve into higher intensity uses.

The City of South Gate appreciates SCAG's efforts on the RHNA process to date and requests that these comments be reflected in the final methodology to be developed and presented to HCD. We look forward to continuing this cooperative process together. Should you have any questions regarding this matter please feel free to contact me at jperez@sogate.org or (323) 563-9566.

Sincerely,

Joe Perez

Joe Perez
Community Development Director