



City of Hemet

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September 11, 2019

Southern California Association of Governments (SCAG)
Attention: RHNA Subcommittee
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

SUBJECT: Regional Housing Needs Assessment (RHNA) Allocation Methodologies- Recommended Additional Method (Jobs/housing Allocation)

Dear RHNA Subcommittee:

The City of Hemet appreciates the opportunity to comment on the options proposed by SCAG to determine the methodology to distribute the region's RHNA allocation. The three options are all based on share of regional population or growth estimates with added factors. The calculations result in RHNA allocations that are unrealistic and out of the City's ability to meet. Without an infrastructure component, Hemet cannot accommodate urban-scale development. Two of the options (Options 1 and 3) increase the City's RHNA from Cycle 5 to Cycle 6 by over a thousand percent.

The City advocates a fourth methodology to allocate RHNA: jobs-housing balance. The current housing predicament is largely due to the lack of housing construction within major job centers. Restricted supply and increased demand only results in increased housing costs. This exacerbates the ability of workers to purchase or rent housing in reasonable proximity to jobs. Allocating urban-scale units in the Inland Empire, where Hemet is located, fails to recognize sub-regional market demand. Without commensurate job growth or alternative transit options highway congestion will increase, air quality will continue to degrade, and commute times will only increase

It should be noted that demand for traditional single family detached homes remains high and can only be accommodated in suburban and exurban communities. Although land is available, in most instances the infrastructure is not. Due to the high cost of installing backbone facilities, the development community has been exceedingly cautious in constructing product where lower per unit price points do not offset the risk associated with the development process. The resulting perception of higher risk and lower margins reduces the availability of financing. This is evidenced by Hemet only averaging 75 new housing units of all types annually over the past five years. Allocating urban-style units in the Inland Empire, where Hemet is located, fails to recognize sub-regional market demand.

Market demand in Hemet is primarily for traditional single-family detached housing for families. People choose this type of housing for their families and accept different job opportunities to avoid the two-hour long one-way commutes. They choose jobs as teachers, police officers, fire fighters, emergency

medical personnel, other medical related fields and local government. People who choose jobs over housing, accept urban-style high density housing that they can afford nearer their jobs.

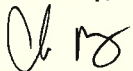
Hemet is at the very end to the transportation network. It is twenty minutes to the nearest freeway and thirty minutes to the nearest light rail connection. Major job centers in Orange, Los Angeles, and San Diego Counties are two hours or more away. Hemet has among the lowest housing costs and lowest median income in the entire SCAG region. Attempting to construct high-density, low-income housing in Hemet is likely to simply create housing that can only exist with public assistance and where few jobs available, ensuring that residents of such housing are ever more dependent on public assistance.

Depending on density and the type of construction materials utilized, urban style residential development is mostly cost prohibitive. Raising the purchasing power of the area by expanding higher wage employment opportunities is needed to induce this type of residential product. Regardless of product type and pricing, without alternative transit options and an increased local employment base, highway congestion will increase, air quality will continue to degrade, and commute times will only increase.

SCAG has done an admirable job of recognizing and explaining the complexities of providing affordable housing in Southern California; however, none of the three RHNA allocation methodologies addresses marketplace demand and the inherent differences in our regional communities. Using population as the basis for housing demand and assigning the same percentages for each jurisdiction in the SCAG region does not result in a fair and equitable distribution of RHNA. Therefore, the City of Hemet is requesting that SCAG develop a fourth methodology that uses the region's job-housing balance as its core. In your April 2001 report entitled "The New Economy and Jobs/Housing Balance in Southern California" SCAG documented the geographic imbalance between jobs and housing and made a number of recommendations including promoting infill housing in Los Angeles and Orange Counties and wealth-generating jobs in the Inland Empire. Subsequent SCAG reports on jobs, housing, infrastructure, demographics, and the economy demonstrate that SCAG has the requisite data necessary to produce a jobs-housing RHNA methodology.

Hemet strongly encourages you to design a jobs-housing RHNA allocation methodology option. We think it has the potential to more realistically and more fairly distribute the region's housing need.

Sincerely,



Christopher Lopez
Interim City Manager