



City of Anaheim  
**PLANNING AND BUILDING DEPARTMENT**  
Planning Services Division

September 12, 2019

Honorable Peggy Huang, Chair  
Community, Economic and Human Development Policy Committee  
Regional Housing Needs Assessment Subcommittee  
Southern California Association of Governments  
900 Wilshire Boulevard, Suite 1700  
Los Angeles, CA 90017

by e-mail to [housing@scag.ca.gov](mailto:housing@scag.ca.gov)

**Subject: Proposed Regional Housing Needs Assessment (RHNA) Allocation  
Methodology**

Honorable Chair Huang and Honorable Committee Members,

The City of Anaheim (City) appreciates the opportunity to provide formal written comments to the Southern California Association of Governments (SCAG) on the Proposed Allocation Methodology for the 6<sup>th</sup> Cycle RHNA. The City acknowledges that SCAG bases its RHNA allocation on furthering the following five objectives from California Government Code Section 655849(d):

1. Increasing the housing supply and the mix of housing types, tenure, and affordability in all cities and counties within the region in an equitable manner, which shall result in each jurisdiction receiving an allocation of units for low- and very low-income households.
2. Promoting infill development and socioeconomic equity, the protection of environmental and agricultural resources, the encouragement of efficient development patterns, and the achievement of the region's greenhouse gas reductions targets provided by the State Air Resources Board pursuant to Section 65080.
3. 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 in each jurisdiction.
4. 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, as compared to the countywide distribution of households in that category from the most recent American Community Survey.
5. Affirmatively furthering fair housing.

In addition, the proposed RHNA Methodology follows the four principles below, based on the input and guidance provided by the RHNA Subcommittee during their discussions on RHNA methodology between February 2019 and June 2019.

1. The housing crisis is a result of housing building not keeping up with growth over the last several decades. The RHNA allocation for all jurisdictions are expected to be higher than the 5th RHNA cycle.
2. Each jurisdiction must receive a fair share of their regional housing need. This includes a fair share of planning for enough housing for all income levels.
3. Local input on household growth should not be the only deciding factor to determine a jurisdiction's RHNA allocation.
4. It is important to emphasize the linkage to other regional planning principles to develop more efficient land use patterns, reduce greenhouse gas emissions, and improve overall quality of life.

SCAG staff has presented three options for the distribution of the RHNA allocation. The proposed methodology states that members of the public are welcome to provide comments on the three options, which may include but are not limited to:

1. Modification to any of the proposed three options;
2. Additional factors or suggestions to be considered as part of any of the proposed three options; and,
3. Any new option for the RHNA allocation methodology.

City staff has reviewed the Proposed Allocation Methodology for the 6<sup>th</sup> Cycle RHNA and would support a modified methodology that would consider the following:

1. Reflects local input for projected growth (Options 1 & 3)
2. Provides a higher social equity adjustment for existing and projected need amongst all four income categories (Options 2 & 3)
3. Does not base distribution on population size at large or within High Quality Transit Areas (HQTA) (Option 3)
4. Gives credit to jurisdictions that are facilitating the production of housing (Option 1)

City staff believes that local input should be the starting point for the modified methodology. Every four years, the City provides its forecasted growth to SCAG through the Orange County Projections (OCP) process for inclusion in the RTP/SCS. The City develops its forecast for anticipated growth based upon a number of factors. These factors include the City's analysis of existing need; sites suitable for the construction of housing; market demand; the City's General Plan and Zoning Map/Code; past Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) goals, policies and principles, such as concentrating new development around high quality transit areas and corridors (HQTA/C); and, projected population and employment growth. Therefore, staff believes that the local input is a strategic factor in determining future growth, and actually constructing housing, rather than just planning for it.

In 2014, SCAG allocated or assigned the development of 5,702 residential units to Anaheim during the 2014-2021 planning cycle. As of December 2018, the City had issued permits to construct 6,502 residential units, 801 units more than the City's total RHNA allocation. However, the vast majority of the units (6,234 units) qualify as above moderate-income housing. Based on the City's RHNA allocation, the City can count no more than 2,501 of these units towards the RHNA allocation for above-moderate income housing. Therefore, the City's remaining RHNA allocation is 2,933 units, including 1,158 units for very low-income residents, 792 units for low-income residents and 983 units for moderate-income residents. Anaheim has demonstrated its leadership in facilitating housing, including affordable housing. However, like most cities throughout the State, the lack of funding sources following the elimination of redevelopment has made it difficult for Anaheim to achieve all of its affordable housing obligations.

In 2018, the Anaheim City Council adopted an affordable housing policy statement to encourage a dialogue between the City and all developers of rental and for-sale housing to consider options and approaches for addressing the City's affordable housing needs. In conjunction with the policy statement, the Council also adopted an action plan that outlines several action items aimed at increasing the supply of affordable housing in Anaheim. Staff is working to implement all facets of the plan. Earlier this year, Governor Newsom recognized the City of Anaheim at the 2019 State of the State as a local government that "does the right thing" with respect to housing production.

A RHNA methodology that is simply based on population size and HQTAs and not on a jurisdiction's demonstrated progress towards addressing its housing need penalizes jurisdictions for "doing the right thing," i.e., building housing near transit that has resulted in a larger population size in relation to the region. In addition, because this housing/population exists, there may not be available sites to build more housing. AB 1397 specifies that housing elements can only list land as a potential site to accommodate new housing if that land has a realistic capacity for housing development. The legislation also includes a limitation on carrying over vacant sites as housing sites if they have been included in two or more previous housing elements. Therefore, basing existing need on the jurisdiction's share of population and the presence of HQTAs will place numerous jurisdictions in a position where their housing elements cannot comply with State law.

Senate Bill 35 (SB 35), which requires local governments that have not met their RHNA allocations to expedite and approve "by-right" (streamline) affordable housing development projects that provide a prescribed amount of affordable units on an infill site and comply with existing residential and mixed-use zoning. Based upon Anaheim's performance to date towards meeting its RHNA allocation, SB 35 requires Anaheim to streamline the approval process for housing development projects that designate 50 percent of units available for households with incomes below 80 percent of the Area Medium Income (AMI). An unrealistic RHNA allocation will open the door for developers to circumvent a jurisdiction's design guidelines and standards to build housing that will be unattractive and likely lead to community opposition to future projects. Anaheim is proud of the quality of the City's affordable housing developments. These

projects often either meet or exceed the design quality of market rate projects, which helps build community support for future affordable housing projects.

SB 166 requires local jurisdictions to update their housing elements and General Plans continually, as the jurisdiction issues new development permits and land uses change, to ensure that their housing elements always identify enough sites for potential development to meet their assigned goals for housing of different income categories. This is also known as the "No Net Loss" provision of State law. Since local jurisdictions rely upon private housing developers to build housing (based on local market conditions), local jurisdictions cannot fully control how a property is built. For example, a city may zone a 10-acre property to allow for by-right development at a density of 30 units to the acre (resulting in a potential capacity of 300 units) and a developer may decide that what is financially feasible and the market demands is 18 units to the acre (resulting in 180 housing units constructed). In this case, the city would need to demonstrate where the net difference in housing units between the land capacity and actual development (120 housing units) can be built. Local jurisdictions with limited land capacity and unrealistic RHNA allocations will find it impossible to comply with State law.

On August 22, 2019, SCAG received a 1.3 million unit Regional Housing Needs Determination from the Department of Housing and Community Development (HCD). Staff supports SCAG's opposition to this determination and hopes for a better final determination based on sound methodology that reflects State law requirements. Staff has analyzed the 1.3 million unit determination in relation to Anaheim and the three RHNA methodology options and concluded that it would result in the following allocations for Anaheim:

	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
<b>Total</b>	19,659	26,854	21,991
<b>Above Moderate</b>	1,934	12,630	10,343
<b>Moderate</b>	5,663	4,586	3,756
<b>Low</b>	5,225	3,828	3,185
<b>Very Low</b>	6,837	5,810	4,758

The table below shows the City's progress over the last five years to meet our current RHNA allocation of 5,702 units.

	<b>RHNA Allocation for 8-Year Planning Period</b>	<b>Permits Issued 2014-2018 (5 years)</b>
<b>Total</b>	5,702	6,502
<b>Above Moderate</b>	2,501	6,234
<b>Moderate</b>	1,038	55
<b>Low</b>	907	115
<b>Very Low</b>	1,256	98

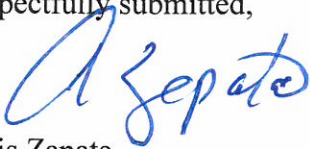
As you can see, even with pro-active land use planning and pro-housing policies in place, Anaheim is facing significant challenges meeting its RHNA allocations due to the absence of

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long-term sustainable funding sources.

Staff provides the above legislation and description of Anaheim's attempt to facilitate housing to meet its RHNA allocation to demonstrate how important it is that the methodology be reasonable and equitable. A RHNA allocation that Anaheim cannot realistically implement would subject the City to State mandates that would take away local land use control and erode the community's support for affordable housing.

Respectfully submitted,



Chris Zapata  
City Manager

Cc:

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