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September 12, 2019

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

sent via email: housing@scag.ca.gov

Subject: Proposed RHNA Allocation Methodology Options

Dear Honorable Peggy Huang:

The City of Orange expresses thanks to the Regional Council, Regional Housing Need Allocation (RHNA) Subcommittee, and the Southern California Association of Governments (SCAG) staff for the release of the three RHNA Methodology options for consideration during this public comment period. The City also appreciates SCAG staff working with the Orange County Council of Governments (OCCOG) to host a public meeting in Orange County during the comment period.

After reviewing the three proposed methodology options, the City offers the following comments:

1. Local input should be utilized in the development of the RHNA allocation methodology. Since October 2017, member jurisdictions have been working with SCAG to provide local input and data through the Bottom-Up Local Input and Envisioning Process so the RHNA allocation could utilize the most current data from local jurisdiction for determining future demographic projections, including household growth. Every jurisdiction has its own unique characteristics and a one-size-fits-all approach to RHNA would have a detrimental impact on the character of individual jurisdictions.

For instance, the City of Orange has multiple historic districts, environmental hazards related to Santiago Creek, which bisects the City, closed landfills, and other constraints that dictate where future growth should occur, and what form that growth should take.

2. The City does not support Option 2, since this methodology uses only the existing regional population. This methodology only takes into consideration where there has been past population growth and does not take into consideration where future growth would occur. This option does not take into consideration the planning factors that should be used in developing the RHNA methodology as outlined in Government Code Section 65584.04(e).
3. The City's existing and anticipated land use policies can successfully accommodate meaningful housing growth at various income levels as demonstrated by recent development projects near employment and transportation hubs. However, due to the magnitude of development estimated for the City under Options 1 and 2, the City would

not be able to identify enough housing sites in compliance with recent housing laws, including AB 1397, SB 166 and SB 35, and would be faced with significant fines under AB 101/SB 102.

4. The City opposes the elimination of and redistribution of the Above-Moderate Income category for the existing needs determination described in Option 1. Approximately 42% of the HCD Regional Housing Need Determination for the SCAG region is for Above-Moderate Income housing units, which would not be met under this proposed methodology. The City encourages the retention of the Above-Moderate Income category with a 150% social equity adjustment factor across all income categories for determining the existing need from Option 1.
5. The methodology for existing need under Option 1 is calculated primarily based on a jurisdiction's existing population and does not take into consideration local input. The methodology for existing need assumes that overcrowding, cost-burden, current vacancy rates below fair market rates and other components are consistent throughout the SCAG region. For example, SCAG's data demonstrates that the City of Orange has an overcrowding rate of approximately 8 percent while the entire SCAG region has an overcrowding rate of 9.8 percent. This option should incorporate local input, similar to Option 3.
6. If High Quality Transit Areas (HQTAs) are used as a factor for determining a jurisdiction's RHNA allocations, both existing and planned HQTAs should be utilized in the calculation. The purpose of the RHNA allocation is to anticipate household growth, so therefore, including planned as well as existing HQTAs will provide for better linkage between housing planning and transportation planning. The City requests that HQTA not be used as a primary factor in determining a jurisdiction's RHNA allocation, since jurisdictions with HQTA would bear a disproportionate responsibility for addressing RHNA, despite potential impediments to development in HQTAs, such as parcel configuration and ownership characteristics, that have proven to be a deterrent to property reinvestment and redevelopment in Orange along out transit corridors. Additionally, the use of HQTA in the methodology could potentially discourage jurisdictions from developing new transit in the future.
7. Option 3 utilizes a jurisdiction's share of regional population (total population) growth which includes household population and group quarters population. By definition, households are those housing units that are occupied by people and that population is called "household population". Group quarters population, by definition, are those people not living in households, i.e., those sheltered in facilities and structures that are not defined as housing units. Per statute, once the region's growth forecast for total population is established, the population living in group quarters is removed from the subsequent calculations to establish the total regional housing need. In the case of Orange, there are significant numbers of people living in emergency shelters, university dormitories, and assisted living and memory care facilities that would be removed from the total housing need so the number of housing units are not overestimated.

The removal of the group quarters population is included in Attachment 2 of the HCD Regional Housing Need Determination for SCAG letter. Since the RHNA calculations are based off household population, if Option 3, or any other methodology that is selected

utilizes the total population share of population growth, this should be changed to the share of household population growth or the share of household growth.

8. The Construction Industry Research Board (CIRB) data used in Option 1 has not been vetted by the City for accuracy and the City's numbers are not accurately reflected in the table on page 68 of Technical Appendix. If CIRB data is to be utilized, any corrections or amendments submitted to SCAG and/or CIRB should be incorporated into the RHNA Technical Data Appendix and RHNA calculations.

The City would also like to state its support for the recommendation from SCAG staff, as outlined in the Community Economic & Human Development Committee Supplemental Report for the September 5, 2019 Meeting Agenda Item 2, of the objection to HCD 6th Cycle Regional Housing Needs Determination.

The City appreciates the opportunity to comment on the proposed RHNA Allocation Methodology options. If you have any questions, please contact Ashley Brodtkin, Associate Planner with the City of Orange, at (714) 744-7238 or at abrodtkin@cityoforange.org.

Sincerely,



Rick Otto
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