



City of Commerce

Public Works & Development Services Department

September 12, 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 – City of Commerce

Dear Ms. Huang:

The City of Commerce appreciates the commitment of Southern California Association of Governments (SCAG) staff and RHNA Subcommittee for their work to develop the three methodology options for our consideration. We also welcome the opportunity to submit this comment letter to the RHNA Subcommittee regarding RHNA methodology.

Based on Gateway Cities Councils of Governments analysis and our review of the feasibility to accommodate housing with the proposed methodology, we also recommend certain key provisions to consider in the final Draft Methodology:

- This cycle of RHNA should include a credit to those jurisdictions that have facilitated housing creation and increased density in previous cycles. Current RHNA allocations should be dismissed due to economic anomalies (Dissolution and the Great Recession).
- The Draft Methodology should be adjusted to account for existing open space areas and open space deficiencies, high levels of existing density, existing single-family residential, maintaining a 1,000 foot buffer from freeways and incompatible industrial/warehouse uses, and environmental contamination as constraints to further growth.
- This cycle of RHNA should disperse very-low, low and moderate-income units throughout the region to promote economically diverse communities and diminish existing over-concentrations of poverty.
- The Draft Methodology should explicitly assure that all jurisdictions within the SCAG region share in the responsibility for housing production.

- This cycle of RHNA should take into account economic factors that have adversely affected the ability of local municipalities to produce affordable housing units during the current RHNA cycle including the dissolution of Redevelopment by the State of California (that effectively eliminated significant one-time funding for the production and creation of housing) and the Great Recession. These external economic factors should be taken into consideration at the end of this RHNA cycle to “true up” and/or correct the housing obligations of local municipalities that are proposed to “roll over” into the next RHNA cycle, if at all.
- The Draft RHNA Methodology should incorporate historical economic trends and forecasted economic projections that have a direct impact on the production of housing and that are beyond the control of local municipal government.
- Local municipalities must be provided the means to financially support the production of housing units, which on average result in an increase in the local population at a ratio of 3:1, thereby placing an added demand on core city services on an ongoing and continuous basis. One-time monetary funding must continue to be provided to all communities for subsidizing the acquisition of property and construction, while on-going revenue generated by way of property tax reform must be made available to local municipalities to cover the increased cost of providing core city services for new residents in perpetuity.

In addition to the referenced constraints, it is important to understand that the production of housing is not driven by RHNA or the willingness of local municipalities to permit housing, but rather economic factors beyond the control of the City’s that encourages private investment for housing development. For example, during the current RHNA cycle, the City of Commerce along with cities in the Gateway Cities COG region experienced significant economic challenges presented by the dissolution of redevelopment in 2012 (Dissolution), that provided significant funding to support the promotion and creation of affordable housing, and the recession (Great Recession), which adversely affected the production of housing. It is evident that Dissolution and the Great Recession together impacted the ability of cities to facilitate the production of housing during the current RHNA cycle. Nevertheless, cities have been informed that unbuilt units will “roll over” into the next RHNA cycle effectively burdening local municipalities with additional housing units due to external economic factors that were beyond their control.

It is for this reason that the City of Commerce and Gateway Cities COG requests that SCAG develop a Draft Methodology that takes into account the external economic factors such as interest rates, inflation, and property value, as well as economic anomalies like Dissolution and the Great Recession that have a direct

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impact on the production of housing. Therefore, it is recommended that historical economic trends, together with projected economic forecasts, be reflected in the Draft Methodology in order to establish realistic and attainable housing goals. Furthermore, economic factors that have deterred the production of housing units during a particular RHNA cycle should be accounted for when determining how many units will be required to “roll over” into the next RHNA cycle as a “true up” and/or correction to the number of housing units originally assigned to each municipality.

We thank you for your consideration of these comments. If you have any questions, please contact Manuel Acosta at (323) 722-4805 extension 2378.

Sincerely,



Vilko Domic, Acting Director of
Public Works and Development Services