CITY OF HUNTINGTON BEACH

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OFFICE OF THE INTERIM CITY MANAGER
DAVE KIFF

September 12, 2019

Mr. Kome Ajise
Executive Director
Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

Submitted via U.S. Mail and email to: housing@scag.ca.gov

RE: CITY OF HUNTINGTON BEACH DRAFT RHNA METHODOLOGY COMMENT LETTER

Dear Mr. Ajise,

The City of Huntington Beach ("City") would like to thank SCAG staff as well as the RHNA subcommittee, the Community, Economic and Human Development Committee (CEHD) and the Regional Council for the opportunity to comment on the 6th cycle Regional Housing Needs Allocation (RHNA) methodology and for all the hard work that has been done to date, including expanded stakeholder engagement in the process.

General Comments

Since the beginning of the 5th RHNA cycle through 2018, the City has issued almost 3,000 permits for housing units, placing Huntington Beach among the top 10 housing producers for the entire SCAG region[1]. The City has exceeded its above moderate allocation, met all of the moderate income RHNA target (mostly through deed restricted units) and has issued permits for nearly 100 very low and low income units with another 50 extremely low and low income units currently in the planning process. Huntington Beach continues to be one of the more affordable coastal communities to live in Orange County.

While the City acknowledges SCAG's willingness to develop the 6th cycle RHNA methodology in a way that it believes will result in a more fair and equitable allocation to the jurisdictions, the City objects to the arbitrary and capricious RHNA process as a whole as and its applicability to Charter Cities. While we are optimistic that the final RHNA allocation will reflect the State's stated objective to build more housing, this is not

[1] Based on a comparison of the City of Huntington Beach building permit data with the SCAG jurisdictions in the HCD 5th Cycle Annual Progress Report Permit Summary (dated 6/25/19) http://www.hcd.ca.gov/community-development/housing-element/index.shtml

the way to go about it. The City (as we are confident most cities will agree) will insist that SCAG will ensure that the methodology adopted for the 6th cycle will not result in the lopsided jurisdictional allocations that we experienced during the 5th cycle. For example, in 2012, the four cities immediately surrounding Huntington Beach, with a collective population of approximately 323,000, were allocated a combined 11 total RHNA units. The City of Huntington Beach, with a current population of approximately 200,000, was allocated 1,353 units.

In addition, with the recent changes to state housing element law, such as AB 1397, jurisdictions are tasked with identifying eligible RHNA sites and obtaining housing element certification from the California Housing and Community Development Department (HCD) under more stringent site criteria and site analysis requirements. Under new laws such as SB 166, jurisdictions will be challenged with zoning additional sites throughout the planning period if market demand results in a development that does not yield the maximum number of units allowed on a property. Increasing the number of units (in each income category) that cities receive as part of the RHNA process will ultimately create a situation where many cities are unable to comply with the law and ultimately, have their Housing Elements decertified by HCD and/or face draconian State law consequences, including losing the ability to control how and where housing is built within a jurisdiction. With this in mind, input from the local jurisdictions as the primary data source is crucial in determining realistic RHNA numbers as this would provide the most accurate reflection of future growth and need for the 6th cycle.

Local input is critical to the accuracy and legitimacy of the RHNA process. SCAG has acknowledged the importance of using local input in the RHNA process since the beginning of the 6th cycle RHNA process. It was not until 2017, when SCAG consulted with all 197 jurisdictions over the course of a year and a half to collect input on population, housing and employment growth as well as review parcel level data that identified General Plan, zoning, vacant land, potential infill parcels and permanent open space areas. This consultation was critical because the data maps prepared by SCAG for Huntington Beach incorrectly identified private streets within existing multi-family residential areas, open space, developed industrial properties, existing businesses, and existing mobile home parks **as vacant land** available for potential redevelopment. Through SCAG's new Bottom Up Local Input process, the City identified these areas of discrepancy and provided correct GIS data to SCAG.

It should be noted that certain comment letters erroneously suggested that local input should not be used in the methodology. These comment letters appear to be based on faulty assumptions that local input relies on **existing** zoning only. To the contrary, the City based its review on realistic growth potential including possible land use changes if sufficient information was available at the time to make this assumption. The City provided this input as a conservative growth projection to ensure that regional planning efforts are able to adequately plan for improvements to the region's transportation system.

In addition to the comments contained in this letter, the City supports and, by reference, incorporates the comments submitted by the Orange County Council of Governments (OCCOG) and the Center for Demographic Research (CDR) at California State University at Fullerton (CSUF).

Option 1

The City opposes the use of Option 1 as it is currently proposed. To ensure that the most accurate data is utilized, the City recommends that SCAG allow each jurisdiction to review and correct the datasets utilized in this option, if necessary, including verification of land acreage, density calculations and building permit data.

Existing Need

The City opposed the use of a separate existing need calculation as it does not include any local input. Similar to Option 2, existing need is based almost entirely on existing population, which does not meet statutory requirements, and utilizes a one-size-fits-all approach to housing need. RHNA is a response to a statewide housing issue which is implemented on a regional level. The success of the SCAG region depends on the ability of the cities and counties within SCAG to implement their respective RHNA allocation. A one-size fits all approach to housing need that does not include local input will not enable SCAG cities and counties to comply with State law to the extent required, and nor will it successfully produce housing consistent with RHNA targets.

Building Permit Data

The building permit data aspect of Option 1 as currently proposed is flawed and does not logically facilitate developing an accurate RHNA methodology.

For example, using population as the only factor without considering size in land area and capacity appears to create faulty numbers. Using the time period 2006 – 2018 and not including the 4th cycle again appears a faulty methodology. The dates currently proposed include the "Great Recession" years. During the Great Recession, housing production was stagnant in most cities regardless of population. The limited housing unit production during the Great Recession years will have a greater impact on jurisdictions with larger populations when compared to the regional average and result in skewed RHNA outcomes. The 5th cycle should be the only date range used in this calculation and including land area as an additional factor. Without a more detailed analysis and rationale by SCAG, this approach in the methodology is fundamentally flawed.

Redistribution of Above Moderate Category

The City opposes the redistribution of the above moderate income category. Huntington Beach has had inclusionary housing policies in place for 25 years. As a coastal city, land costs can be significantly greater than inland areas. The development

community must be able to build market rate housing in the City to offset additional costs resulting from the provision of affordable inclusionary units. In addition, as identified in the OCCOG letter, the redistribution of the above moderate income category to the three lower income categories would result in unreasonable allocations of lower income RHNA targets to those jurisdictions that already have higher concentrations of very-low income units and those that are already receiving higher allocations of lower-income units due to the social equity adjustments. Further, this approach is not consistent with the State law RHNA objectives, including increasing affordability within each region in an equitable manner and allocating a lower proportion of housing need in income categories in jurisdictions that have a disproportionately high share in comparison to the county distribution.

High Quality Transit Areas (HQTAs)

The City objects to the use of HQTAs as part of the RHNA methodology. The data and assumptions are flawed and terms are not defined, making the use of this factor arbitrary and unreliable.

The most recent RHNA Subcommittee staff report defines a HQTA as "corridors that have at least a fifteen-minute headway (time in between the next scheduled service) during peak hours for bus service." According to SCAG reference maps, all of Beach Boulevard within Huntington Beach is defined as a HQTA.

Based on the June 19, 2019 Orange County Transportation Authority Bus Schedule, there are no bus stops on Beach Boulevard within the City of Huntington Beach with headway times of 15 minutes or less. The shortest headway time during peak hours for bus service is on the Route 29 stop at PCH/1st Street traveling Southbound with an average headway time of 18.23 minutes during the PM peak hours. Most stops have an average peak hour headway time of approximately 19-25 minutes. Some stops, such as the Beach Boulevard/Talbert Avenue stop, have peak hour headway times of 40-49 minutes. One stop (Beach Boulevard/Atlanta Avenue) did not list any stop times as part of any route for this stop.

The Goldenwest Transportation Center (GWTC) is also identified by SCAG as a HQTA. Most of the routes commuting into/out of Huntington Beach here have 15 minutes or less headway during peak hours. However, some of the routes at GWTC do not have stop times that provide service throughout the entirety of the assumed peak commute hours. If bus service ends midway through the peak commute hours, would that meet SCAG's criteria to be considered High Quality Transit? It must also be noted that, starting in October 2019, OCTA will eliminate Route 211, which services Huntington Beach to Irvine (a major Orange County job center), due to low ridership.

If HQTAs is part of any proposed RHNA methodology, SCAG must look at the practical application of HQTAs as they operate - not based on flawed assumptions and data. Otherwise the use of HQTAs to implement the RHNA statute objectives (including promoting an improved intraregional relationship between jobs and housing) is just an

arbitrary factor to be exploited in calculating RHNA allocations. HQTAs must accurately reflect data regarding actual bus service in these areas. Based on SCAG's definition of a HQTA, the entire length of Beach Boulevard in Huntington Beach would not qualify as a HQTA and should be adjusted accordingly.

Local Profile/CIRB Data

In April 2019, the City asked SCAG staff whether the Construction Industry Research Board (CIRB) housing permit data in the SCAG Local Profiles would be utilized in the RHNA methodology. The City was unfamiliar with this data source and unable to verify the accuracy of the data as shown in the Local Profile. SCAG staff confirmed to the City that the CIRB data ***would not*** be utilized for RHNA purposes. Therefore, the City objects to the use of the CIRB data in the RHNA methodology unless all jurisdictions are given an opportunity to review the raw data and confirm or correct the data as necessary.

Option 2

The City objects to any use of Option 2. Option 2 bases RHNA allocation solely on existing population without incorporating any local input or weighing local planning factors as required by State law (Government Code §65584.04[f]). As such, Option 2 should be rejected in its entirety from any further consideration.

However, if this option continues to be explored, a detailed explanation as to how existing population is directly linked to future housing need without consideration for other factors such as geographic area and availability of land must be provided. Additionally, the resulting RHNA allocation[2] under Option 2 would exceed the planned residential growth of our General Plan, which was comprehensively updated in 2017.

Therefore, if Option 2 were utilized, the City's General Plan as well as a recent Environmental Impact Report (EIR) would no longer be valid. Option 2, or any option that is selected cannot require numbers that exceed growth planned in a jurisdiction's General Plan and/or associated infrastructure plans (e.g. – Water Master Plan, Arterial Highway Plan). In addition, if RHNA growth exceeds planned residential growth of a jurisdiction's General Plan, Housing Elements will be out of compliance with state law.

Option 3

Of the three options presented for consideration, Option 3 appears to be the most rational because it relies primarily on local input. However, as discussed, household growth, not population growth, more accurately reflects housing need and is more consistent with the direction provided by the CEHD and Regional Council in their June 6th actions.

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[2] Based on the SCAG RHNA Methodology tool using the HCD Final Determination and the low and high SCAG proposed alternative determination

RHNA Methodology Tool

The City appreciates SCAG's efforts to create a RHNA methodology tool to assist jurisdictions in understanding how the data and methodology approaches relate in calculating realistic potential RHNA allocations for each jurisdiction. Utilization of the tool to obtain the various RHNA allocations for each option based on the HCD Final Determination and the SCAG-proposed alternative determination resulted in a wide variety of potential RHNA allocations for our City as well as for most of the other regional jurisdictions.

The disparity among the potential RHNA allocations highlights how arbitrary the State law that mandates allocating jurisdictional RHNA requirements can be. The process is clearly flawed. As an example, during the current 5th RHNA cycle, the City issued more permits for new housing units in 2016 (a year after State HCD decertified the City's Housing Element based on allegations of the City not meeting its RHNA numbers) than we did in any other year during the planning period. In order for the RHNA process to be truly effective in facilitating the production of housing for all economic segments, we respectfully advise SCAG and its regional members to work together in advocating for RHNA reform at the State level.

Once again, thank you for the opportunity to comment on the draft 6th cycle RHNA methodology options. The City appreciates SCAG's commitment to a fair and transparent process and will continue to be an active participant during this 6th cycle RHNA process.

Sincerely,

Dave Kiff
Interim City Manager
City of Huntington Beach, California

cc: Members of the Huntington Beach City Council