



September 12, 2019

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

Subject: Regional Housing Needs Assessment (RHNA) Methodology

Honorable Chair Huang and Honorable Members of the Regional Housing Needs Assessment (RHNA) Subcommittee:

The City of Irvine expresses its appreciation to the RHNA Subcommittee, Community, Economic and Human Development (CEHD) Policy Committee, Regional Council, and Southern California Association of Governments (SCAG) staff for their efforts in attempting to establish an equitable RHNA that complies with new state housing law and addresses the state's housing crisis.

The City of Irvine appreciates the Regional Council's decision to release the three RHNA methodology options for consideration during this public comment period. The City also appreciates SCAG staff for working with the Orange County Council of Governments (OCCOG) to host a public meeting in Orange County during the comment period.

The City of Irvine remains committed to doing its part in addressing the housing challenge and has been acting in good faith throughout the 5th RHNA cycle (2014-2021) to provide the appropriate zoning tools to accommodate its RHNA allocation. According to the data provided by SCAG staff in the "Proposed RHNA Methodology (with Technical Appendices)," the City of Irvine has issued 40,621 residential unit permits between 2006 and 2018. The City is expected to issue 7,179 between 2006 and 2018 based on its population size. During this time, the City of Irvine also constructed 2,021 extremely low, very low, and low income residential units, and has an overall inventory of over 4,500 affordable housing units in the City.

After careful review of the three proposed draft RHNA methodology options, the City of Irvine offers the following comments:

1. The City of Irvine believes local input should underpin the selected RHNA methodology allocation option

Local input has always been a foundational component of SCAG's RHNA planning process, and for good reason. Local input provides a real-world perspective of local housing opportunities and constraints at an individual, jurisdiction level. This is a perspective that is not present in a one-size-fits-all proposed RHNA allocation factor, such as a jurisdiction's share of the regional population (Option 2). Local input provides the backbone and links the RHNA to the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) by supporting the Sustainable Communities Strategy in identifying areas within the region sufficient to house an eight-year projection of the regional housing need, as called forth with the adoption of Senate Bill 375.

The City of Irvine supports the bottoms-up approach SCAG used to derive local input over a one and a half year long process in which SCAG solicited input from all 197 local jurisdictions on population, housing and employment for 2016-2045; parcel level General Plan land use, existing 2016 land uses, and zoning; and the extensive surveys collecting information on policies and best practices incorporated into local planning. This information is also utilized by the local transportation commissions in their planning and programming of major transportation and infrastructure projects and SCAG in its regional planning. By utilizing local input, the Regional Transportation Plan/Sustainable Communities Strategy, known as Connect SoCal, appropriately integrates transportation and land use planning.

2. The City of Irvine supports a credit to jurisdictions that have issued more permits than expected during the previous two RHNA cycles

As previously stated, the City of Irvine issued over 40,000 residential unit permits between 2006 and 2018. This greatly exceeds the residential unit permits expected to be issued during that time based on the City's population (page 59 of the "Proposed RHNA Methodology" document). Option 1 utilizes this data as a factor in determining the jurisdiction's RHNA allocation. For the existing or backlog need determination, 10 percent of a jurisdiction's allocation is associated with the number of residential building permits issued between 2006 and 2018. Currently, SCAG does not propose a credit for jurisdictions that have exceeded the residential unit permits expected. For the City of Irvine, this results in assigning a zero value. The City of Irvine requests that a formula be created that assigns a proportional credit reduction in a jurisdiction's

RHNA allocation to those jurisdictions who have built new residential units over the past two RHNA cycles.

3. SCAG should allow time for review of new factors or methodologies

While the City of Irvine appreciates the expanded public comment period for the methodology, SCAG made it clear that the recommended methodology could be a combination of the proposed, or an entirely new methodology that is developed from public comments received. For any new factors or methodologies that are introduced as potential inputs or approaches for disaggregating the regional determination to jurisdictions, as a result of the public comment period ending September 13, 2019, the City respectfully request adequate time, of no less than one week, be allocated to assess these new inputs and methods prior to any SCAG committee selecting a preferred methodology. This will ensure that SCAG member jurisdictions and other stakeholders have the ability to review the new methodology and provide input to SCAG that can help ascertain optimal outcomes and avoid technical flaws.

4. Jobs-Housing based methodology

The City of Irvine believes that SCAG should be mindful in how to apply a jobs-housing factor in the methodology as many have requested. As an example, in a two-worker household, many workers are not working in the same location. It leads to the question: "which worker's proximity to their job should prevail?" It is often the case that workers within a household do not live in the same city in which they work because they choose to live elsewhere for various reasons beyond housing affordability. This includes, but is not limited to, proximity to other family, specific amenities, and schools. The City of Irvine has two major job centers within five miles of each other, the Irvine Spectrum and the Irvine Business Complex. Both of these job centers border adjacent jurisdictions, and in some cases residential neighborhoods in the adjacent jurisdictions are in closer proximity, and have better and more frequent transit access to these centers than residential neighborhoods within the City of Irvine. Additionally, planning decisions for future housing may consider not only where jobs are currently located, but where new job centers are likely to be.

5. Update the RHNA Estimator Tool to accommodate the SCAG regional allocation transmitted by HCD

On August 22, 2019, HCD transmitted the final RHNA determination of 1,344,740 units for the six-county SCAG region. This is more than three

times the allocation received for the 5th RHNA cycle. The RHNA Estimator Tool posted on SCAG's website does not permit a regional allocation larger than 1,304,344. As a result, jurisdictions are unable to accurately estimate the impact of the three draft RHNA methodology options proposed.

6. The City of Irvine opposes the reallocation of the "Above Moderate" category housing

Page 8, Option 1 Step 1d: Social Equity Adjustment for Existing Need:

The City of Irvine opposes the elimination of and redistribution of the Above Moderate category described in Option 1. Above Moderate units are the only housing type as a whole category that are constructed by home builders without some form of subsidy, tax break, or incentive provided to the builder. Without redevelopment funding, and other financial tools in place, providing the needed subsidies has become ever more challenging for jurisdictions. This problem magnifies greatly as we all face the challenge to build more housing at every socio-economic level to meet the needs of our communities. Jurisdictions must be able to find adequate sites for their allocated housing units in their housing element in order for it to be certified by HCD. Without a certified housing element, monthly fines and other monetary penalties will be levied upon a jurisdiction, which then further reduces a jurisdiction's available resources to provide funding for very low and low income housing.

Analysis of reassigning the Above Moderate units to the three lower-income categories, as proposed in Option 1, shows that it in fact further burdens those jurisdictions that are already impacted and have higher shares of lower income units. In addition, by using the relative share of lower income categories, this further exacerbates 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.

7. Remove land areas not compatible with residential uses from density calculation

Page 54 of Technical Appendix Table: Share of 2019 Population in 2016 HQTAs.

This table contains a calculation showing "density (population per acre)" which is defined "acre size and density calculation is for total area within jurisdictional boundaries." Though density is not used as an input into any

of the current methodologies, and OCCOG is not supporting the use of density as an input, if SCAG ultimately incorporates density into the selected methodology, some land uses should be removed from the total area within the jurisdiction so the density calculation properly reflects population density in developable/useable areas. For example, areas and land uses that are permanently protected open space, such as Cleveland National forest, military bases, flood channels, local parks and HOA open space, and other land that is unsuitable or unavailable for residential uses, should not be included in the area denominator.

8. Utilize share of growth for household population not total population

Page 16, Option 3:

Per statute, once the region's growth forecast for total population is established, the population living in group quarters will be removed from the subsequent calculations to establish the total regional housing need. Option 3 describes the use of the share of total population growth to allocate housing need. By definition, households are those housing units that are occupied by people, and the 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). Since the RHNA calculations are based on household population, if Option 3, or any other methodology that is selected, utilizes the share of population growth, then this factor should be changed to the share of household population growth to avoid double counting. Another suggestion is to use the share of household growth instead of the share of total or household population growth.

9. The City of Irvine supports the technical comments provided by the Center for Demographic Research

The City of Irvine works closely with the Center for Demographic Research at California State University, Fullerton (CDR). CDR has provided comments for SCAG's use in strengthening all three proposed methodologies. The City of Irvine supports the comments issued by CDR in the spirit of making the methodologies as accurate and flawless as possible prior to their consideration.

10. The City of Irvine supports the comments provided by the Orange County Council of Governments

The City of Irvine is a member of the Orange County Council of Governments (OCCOG) and we support the comments included in the overarching comment letter approved on August 22, 2019.

11. Redistribution of Housing Units

With regard to successful appeals and resulting redistribution of housing units, has SCAG given full consideration as to the methodology for redistributing housing units that are successfully appealed? There are a myriad of scenarios that could unfold. For example, will jurisdictions that successfully file an appeal to their RHNA be exempt from receiving additional housing units successfully appealed by other jurisdictions in the region?

In conclusion, the City of Irvine implores SCAG to preserve the integrity of the local input process in establishing any RHNA methodology. Ignoring local input would be disastrous to many jurisdictions throughout the region, and will result in many jurisdictions being unable to obtain a certified housing element. After reviewing the three proposed draft methodology options, the City of Irvine believes that a modified version of Option 1 most appropriately utilizes local input among the three options and is the most equitable. The City of Irvine proposes that Option 1 utilize a uniform social equity adjustment of 150 percent for both projected and existing need for all four income categories, very low, low, moderate, and above moderate, addresses the City's concern with the proposed elimination of the above moderate category, and redistribution for the existing or backlog need. Additionally, the City requests that the addition of a proportional credit system be utilized for the 10 percent allocation of the existing need that will reward jurisdictions that have continued to construct new residential units at varied densities and income categories over the past decade.

If SCAG proposes a new methodology or some hybrid of the proposed methodologies, the City requests that SCAG provide additional opportunity for public comment and review.

The City of Irvine strongly encourages SCAG to provide a presentation to the RHNA Subcommittee, CEHD Policy Committee, and the Regional Council regarding state housing law with which local jurisdictions are obligated to comply. It is imperative that the elected officials clearly understand how jurisdictions will be impacted by their potential inability to plan for an unreasonable RHNA obligation. The City also strongly encourages SCAG to outline the appeals and redistribution process.

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The City recognizes and appreciates the time and effort provided by all those involved in this important and complex issue and for your consideration those items. Please let us know if you need any additional clarification or have any questions by contacting Principal Planner Marika Poynter at mpoynter@cityofirvine.org or 949.724.6456.

Sincerely,



Christina L. Shea
Mayor

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