



September 13, 2019

The Honorable Peggy Huang, Chair
RHNA Subcommittee
Southern California Association of Governments
900 Wilshire Boulevard, Suite 1700
Los Angeles, CA 90017

REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) METHODOLOGY

Dear Ms. Huang,

The City of Lakewood appreciates the opportunity to submit this letter to the RHNA Subcommittee regarding the Draft RHNA Methodology for the 6th Housing Cycle. While we are grateful for all the important work that the Subcommittee has done in drafting a RHNA methodology for the region, we are concerned with some of the ways that the methodology may impact some jurisdictions. The following is a list of issues that should be considered prior to finalizing the RHNA Methodology.

Impact of Economic Factors on Housing Production

It is imperative 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 local government that fuel private investment in the "for profit" business of housing development. For example, during the current RHNA cycle, Lakewood has 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 our ability to facilitate the production of housing during the current RHNA cycle. Nevertheless, we have been informed that unbuilt units will "roll over" into the next RHNA cycle effectively burdening us, and other cities, with additional housing units due to external economic factors that were beyond our control.

It is for this reason that we request that SCAG develop a 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 impact on the production of housing. Therefore, it is recommended that historical economic trends, together with projected economic forecasts, be reflected in the 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 our city.

Establish a Minimum Allocation for All Jurisdictions

The RHNA is a regional approach to housing production, and as such, the methodology should ensure that all jurisdictions contribute equally. We recommend that a minimum allocation, or baseline, should be established on a sliding scale to not over-burden small jurisdictions, but to ensure that every

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jurisdiction makes a meaningful contribution to solving the regional housing crisis. In the 5th Housing Cycle, the methodology resulted in several jurisdictions being allocated a near-zero RHNA. The proposed methodology for the 6th Housing Cycle should include a minimum allocation of 200 units for each jurisdiction, including units at every income level. Establishment of this floor is essential for the fair distribution of RHNA and from a practical standpoint, as affordable housing is best developed with certain economies of scale, and allocations below 200 units over an eight-year span do not allow for those efficiencies.

Recognize the Existing Density of Local Jurisdictions

Existing population density of the communities should be a consideration when allocating the RHNA. The City of Lakewood has a population density of 8,325 persons per square mile, which is more dense than both the City of Los Angeles (8,008 persons per square mile) and Los Angeles County (7,372 persons per square mile). As a densely populated and built-out suburban community, Lakewood has a high burden on its infrastructure and roads, open space, schools, and other services. Yet, unlike many jurisdictions that have a diverse land use mix, Lakewood is primarily a residential community, with less than 12% of land use designated as commercial or industrial. Unlike other jurisdictions, Lakewood does not have underperforming mid-block commercial centers that can be converted to housing, as our commercial development is located on small corner nodes. A methodology that results in an unrealistically high RHNA would prove detrimental, as we would be forced to designate our already small percentage of non-residential land uses to future residential development.

Phasing Obligations from Existing Needs Over Two Housing Element Cycles

The existing needs component of the RHNA is substantial, as shown in SCAG's estimates. This is a result of decades of under-production, especially in the multi-family housing construction and affordable housing. While it is important to address existing housing needs, as mandated by State law, the City of Lakewood would like to stress the infeasibility of rectifying this housing shortage over the eight-year Housing Element planning period, in addition to the projected needs component.

With the new housing bills passed in 2017 and 2018, the RHNA is no longer just a planning goal, but also a production target. The amount of housing units that could be allocated to Lakewood, and to other jurisdictions, through this proposed methodology is simply more than can possibly be addressed over a single eight-year Housing Element cycle. The proposed 6th Housing Cycle methodology is attempting to make up for the past short falls of the 4th and 5th cycles. Requiring local jurisdictions to designate significant amounts of housing to make up for past short falls would set unattainable expectations that would be met with considerable public backlash. We urge SCAG and the Subcommittee to work closely with HCD so that the existing need component could be phased over two or three Housing Element cycles.

The City of Lakewood appreciates SCAG's efforts on the RHNA process to date and requests that these comments be reflected in the final methodology to be developed and presented to HCD. We look forward to continuing this cooperative process together. Should you have any questions regarding this matter, please contact Abel Avalos, Director of Community Development, (562) 866-9771, ext. 2301, or aavalos@lakewoodcity.org.

Sincerely,



Abel Avalos
Director of Community Development