

September 13, 2019

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

RE: PUBLIC COMMENTS REMITTED BY THE SAN BERNARDINO COUNTY TRANSPORTATION AUTHORITY AND SAN BERNARDINO COUNCIL OF GOVERNMENTS (SBCTA/SBCOG) CONCERNING THE DRAFT REGIONAL HOUSING NEEDS ASSESSMENT (RHNA) METHODOLOGY PROPOSED BY THE SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG)

Dear Ms. Huang:

The San Bernardino County Transportation Authority and the San Bernardino Council of Governments (SBCTA/SBCOG), on behalf of our 25 member jurisdictions extend our gratitude to the Southern California Association of Governments (SCAG) and the RHNA Subcommittee for their dedication to develop a fair and appropriate methodology for the six-county region. SBCTA/SBCOG recognizes that this important work is complex and complicated in nature and would like to provide our perspective on how we believe the Draft RHNA Methodology (Draft Methodology) will impact our member jurisdictions. Our concerns with the proposed methodology are heightened by the recent release by State Housing and Community Development (HCD) of a significantly expanded housing target for Southern California. We are in full support of SCAG's effort to appeal the recent methodology used by HCD to significantly increase the allocation of units to the overall SCAG Region. We are asking that our concerns be addressed as part of the upcoming 6<sup>th</sup> cycle RHNA allocation process.

Summary of concerns from San Bernardino County jurisdictions:

1. San Bernardino County (County) lacks the physical infrastructure and utilities to support new housing units at the scale identified for any of the alternatives
2. The regional allocation of 1,344,740 units is not attainable
3. The Jobs/Housing imbalance will be exacerbated under the current scenarios, and the location and distribution of employment centers needs to be considered as a methodology element (in addition to High Quality Transit Area (HQTA) considerations)
4. Direction from HCD related to Vehicle Miles Traveled (VMT) and Greenhouse Gas (GHG) emission reduction is inconsistent and contradictory

**1. San Bernardino County lacks physical infrastructure and utilities to support new housing units at the scale identified for any of the alternatives**

The SBCTA/SBCOG geographic area exhibits unique characteristics that are not comparable to other areas of the SCAG region. There is no question that San Bernardino County encompasses a large amount of land and a large percentage of vacant land as compared to other areas of the SCAG region. It is important to note however, that an estimated 81.5% of the County is owned by the Federal government, one of the largest federal holdings in the nation. There is a reason that the developable land has remained vacant and undeveloped despite

several cycles of real estate booms. Unlike our neighbors to the west, San Bernardino County's experience with growth trends is that our economy has been slower to rebound from the 2008 Great Recession, infrastructure investment and implementation has been limited, and housing costs remain significantly lower. More specifically, we believe the slower rate of development and lower land costs in the County can be significantly attributed to the lack of physical infrastructure and utilities, concentration of jobs in coastal counties, and constraints on new development due to water and sewer service limitations and risk of wild fire. These factors have been compounded by the dissolution of local redevelopment agencies in 2011, which eliminated local funding available to directly fund affordable housing and infrastructure necessary to foster economic development. Based on these constraints, all 25 member jurisdictions provided their feasible growth projections to both SBCTA and SCAG in 2018. As indicated by the SCAG calculation tool, that potential growth number is 68,414 households. Even if SCAG option two were to be selected (132,476 units), this still represents more than double the anticipated total household growth for our member jurisdictions over the next 8 years.

In many ways, the County has long served as a naturally occurring pocket of affordable housing in the fringes of those counties with more high quality transit and employment centers along the coast. The lack of funding for infrastructure generally, compounded by the loss of redevelopment funding has only perpetuated the economic conditions of the County. With the passage of Assembly Bill No. 1397, cities now face an additional challenge in the identification of sites that have the necessary infrastructure to support dense housing that can realistically be developed within the planning period. As the State is attempting to shift the housing inventory from a mathematical exercise toward a realistic picture for new development, the conditions in the County have not changed. In other words, cities are likely to have a difficult time achieving Housing Element certification, maintaining compliance, and may be at a disadvantage, or even ineligible for the much-needed funding available for the development of affordable housing. For example, City of Chino was able to permit and construct about 600 units per year during the peak years of the housing boom. Based on option 2 of SCAG's methodology, the City would need to provide similar units of housing and include more than 400 units of very-low to moderate income housing per year for 8 years. Should SCAG allocate 130,000+ new residential units to SBCTA/SBCOG member jurisdictions, to be developed within an eight-year timeframe, there needs to be a dedicated source of funding available to support complete infrastructure systems and the implementation of technologies for the provision of water and sewer.

## **2. The regional allocation of 1,344,740 units is not attainable**

While SBCTA/SBCOG member jurisdictions agree that all cities must do their fair share to provide a variety of housing opportunities for all income levels, in addition to the availability of water, sewer, and roads to service the development, our market to produce housing is driven by the economic forces that include market feasibility and availability of funding to subsidize lower income units. We believe funding for affordable housing has disproportionately been allocated to areas more urban than San Bernardino County based on the idea that high density housing near HQTAs is the state's preferred development model. This model is currently a one-size-fits-all approach. Given the lower cost of land in San Bernardino County, this is often not an economically feasible approach given high construction costs of high density 3-5 story development on land that is more affordable for building low to medium density development. Assuming a conservative \$350,000 per unit cost to develop either a market rate or affordable housing unit, approximately \$46.2 billion is required to build the 132,000 units allocated to member jurisdictions in RHNA Methodology Option 2, of which \$18.5 billion is required in public subsidy to produce the 53,000 lower income units. This equates to \$2.3 billion in public subsidy and \$3.46 billion in private capital annually. Based on the availability and allocation of affordable housing financing funds (i.e. tax credits, AHSC funding) from the State during the current cycle,

the RHNA for SBCTA/SBCOG's member jurisdictions is unrealistic at best and at worst sets the region up for punitive action from the State for their failure to achieve an unattainable goal.

Moreover, as mentioned above, in 2018, in preparation for 2020 RTP/SCS, SCAG, SBCTA, and the local jurisdictions discussed and agreed on what the maximum housing capacity would be per jurisdiction based on various land use and infrastructure constraints. For the County's 25 jurisdictions, the number between 2021 and 2029 was determined to be 68,414. We fully understand that RHNA allocation includes both existing need and projected need as noted by SCAG and HCD and that the growth numbers discussed during the local input process only addresses the projected need portion of the RHNA. In theory, this difference between projected and existing need determination seem fitting, however, from the local jurisdiction's planning perspective and from the regional growth projection modelling perspective, it would be difficult to differentiate the two since a new housing unit is a new housing unit when it comes to growth modeling and environmental impacts. Simply put, whether a new unit is called an existing or projected need unit it is still considered a new housing unit that produces a predetermined socioeconomic/demographic impact. Thus, the local jurisdictions are still tasked to place these existing or projected need units in their general plan housing element and consider them as part of future growth. As it stands, all of the jurisdictions in San Bernardino County will struggle to place these units in their jurisdictions.

**3. The Jobs/Housing imbalance will be exacerbated under the current scenarios, and the location and distribution of employment centers needs to be considered as a methodology element (in addition to HQTA considerations)**

SBCTA/SBCOG would like to question why the consideration of employment centers was not a factor considered in the RHNA methodology options. Similar to the focus on HQTAs, adding housing units near jobs further reduces VMT and GHG emissions, and also would have a positive impact on the cost of housing. Many residents within the SBCTA/SBCOG region commute long distances as the cost of housing near major employment centers in coastal counties is unattainable. We agree that additional housing within proximity to existing jobs would help alleviate housing prices, and reduce commutes. We also assert that new jobs within closer proximity to Inland Empire housing would help alleviate housing and transportation costs while enhancing quality of life. The cost and time burden for individuals commuting from bedroom communities to employment centers should be considered in the RHNA methodology, as it is for other regions in the State (i.e. SANDAG and SLOCOG). Below are Population/Employment and Household/Employment ratios broken down by counties in the SCAG region. If the region wants to be consistent with the goals of the State in reducing GHG emission and VMT, placing more housing units near jobs or placing jobs near housing needs to be considered when distributing the regional allocation numbers.

2016 Base Year - 2020 RTP/SCS Local Input (1,000s)  
Population/Household to Employment Ratio

	Population	Household	Employment	P/E Ratio	H/E Ratio
Imperial	187	50	67	2.79	0.75
Los Angeles	10,111	3,319	4,743	2.13	0.70
Orange	3,180	1,025	1,710	1.86	0.60
Riverside	2,364	716	743	3.18	0.96
San Bernardino	2,141	630	791	2.71	0.80
Ventura	850	271	335	2.54	0.81
SCAG	18,832	6,012	8,389	2.24	0.72

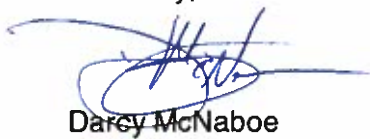
**4. The direction from HCD related to VMT/GHG emission reduction is inconsistent and contradictory**

SBCTA/SBCOG strongly believes that location matters. With the passage of SB 743 the State is focused on implementing Vehicle Miles Traveled (VMT) as the quantification tool for evaluating impacts under the California Environmental Quality Act (CEQA) and furthermore has emphasized the overall need to reduce VMT as a major contributing factor to GHG emissions and climate change. Without a doubt, the implementation of 130,000+ new residential units in San Bernardino County would significantly increase VMT for the region, which seems to be in conflict with the State's direction under SB 743, AB 32, SB 375 and SB 32. Even with the implementation of VMT reduction measures (i.e. carsharing, telecommuting, etc.) the lack of high quality transit infrastructure in San Bernardino County (relative to Los Angeles County) is a significant barrier to the implementation of housing without a commensurate increase in VMT.

Proposed RHNA Methodology Option 2 provides modest consideration for the provision of housing within HQTAs; however we feel there should be an increased percentage used in order to prioritize housing near rail, rapid bus service, and other alternative modes of transportation, more significantly reducing VMT and GHG emissions than is possible in inland counties. The current percentage split for housing within HQTAs would result in an even more substantial amount of growth in areas without high quality transit and infrastructure than is currently planned. This goes back to the point of the inland market not being ready to absorb the quantity of the higher cost of units in HQTAs that would be required under RHNA. If the RHNA methodology process was subject to CEQA, the current options would result in significant and unavoidable impacts, forcing the development of dwelling units farther out, due to market/cost limitations. Further, if the RHNA process were subject to a CEQA Alternatives analysis, the Alternatives discussion would focus on an increased prioritization of HQTAs, which would be determined to be the most environmentally superior and responsible solution. Should 130,000+ new residential units be allocated to SBCTA/SBCOG member jurisdictions without reforms to CEQA to curtail its abuse, and without a funding source dedicated to provide the infrastructure necessary to support new housing, it is likely that a situation will be created that is doomed to failure. As mentioned before, our member agencies did not experience levels of housing construction in the boom years of 2005, 2006 and 2007 that even came close to the housing numbers currently contemplated as part of RHNA.

SBCOG appreciates the opportunity to provide these comments, and would like the opportunity to have a more in depth discussion with SCAG staff as the process moves forward, including the incorporation of a jobs/housing balance factor. SBCOG appreciates the efforts of SCAG to manage the difficult process of allocating units for the upcoming housing cycle and emphasizes that a methodology be provided that encourages housing to be built in areas served by existing or planned infrastructure, meets the needs of those desiring to live closer to jobs, and minimizes the air quality and transportation impacts. In addition, we support SCAG's effort to question potential discrepancies in HCD's methodology and allocation of units to the overall SCAG region and to make a formal appeal of HCD's allocation.

Sincerely,



Darcy McNaboe

President, San Bernardino County Transportation Authority and San Bernardino Council of Governments (SBCTA/SBCOG)